

March 2019

# Investment Update

**W | A | M** *Capital*

**W | A | M** *Leaders*

**W | A | M** *Global*

**W | A | M** *Research*

**W | A | M** *Active*

**W | A | M** *Microcap*

### Dear Fellow Shareholders,

Macro-economic factors were again mixed during the month. Results from the March German purchasing managers' index (PMI) survey showed that manufacturers' expectations were at their worst level in six-and-a-half years.

On 22 March, the United States (US) 10-year Treasury bond yield fell below the three-month yield for the first time in over a decade. On average, the US yield curve inverts 14 months prior to the onset of a US recession. The inversion in March was driven in part by the flow of funds from German Bunds into US Treasuries, which may offset its predictive nature.

In positive news, China's PMI data recorded the largest monthly gain since 2012, providing some hope that China's stimulus program may bear fruit, to the benefit of the global economy.

WAM Global Lead Portfolio Manager Catriona Burns explored investment opportunities in China and Japan throughout March.

Catriona observed that the Chinese economy is likely to regain its momentum in the second half of the year when the Government's tax cuts and stimulus take effect. Sentiment on the ground has improved markedly since late last year.

In contrast, the Japanese business community was cautious in its outlook. The well-known demographic headwinds have been compounded by an uneasy dependence on China, given the export nature of the Japanese economy.

In a similar vein, WAM Leaders Lead Portfolio Manager Matthew Haupt's column in the [Australian Financial Review](#), highlighted the Australian economy's reliance on China to avoid a recession.

The MSCI World Index (AUD) increased 1.5% and the S&P/ASX All Ordinaries Accumulation Index rose by 0.7% during the month.

#### Investor conference call

Thank you to all who joined our investor conference call on 19 March. If you missed it, you can access the recording and presentation slides [here](#) and read the coverage in the [Australian Financial Review](#).

#### May 2019 Shareholder Presentations

We are looking forward to seeing you all at our semi-annual Shareholder Presentations. Feel free to bring guests who have an interest in hearing our views on the Australian and global equity markets, how we invest and how we make a difference for shareholders and the community.

You can register for the Shareholder Presentations [here](#).

#### Future Generation Investment Forum in Sydney

Eight of Australia's best fund managers will present their high conviction stock picks at the Future Generation Investment Forum on Thursday, 23 May 2019. In addition, Hamish Douglass, Chairman and Chief Investment Officer of Magellan will be interviewed by Australian Financial Review's Chanticleer columnist Tony Boyd.

Claim your free tickets to the Forum [now](#).

#### Our listed investment companies are trading ex-dividend

Yesterday, our listed investment companies (LICs) commenced trading ex-dividend, which means they are now priced without the recently announced interim dividends. A buyer of the stock on or after this date will not be entitled to the declared dividend.

The following LICs will pay out fully franked dividends on Friday, 26 April:

**WAM Capital:** 7.75 cents per share  
**WAM Leaders:** 2.65 cents per share  
**WAM Research:** 4.85 cents per share  
**WAM Active:** 2.95 cents per share  
**WAM Microcap:** 2.25 cents per share

Good luck investing,



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



# W | A | M Capital

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

## Portfolio update

The WAM Capital investment portfolio increased 0.4% in March.

### Research-driven portion of the investment portfolio:

A key contributor to the portfolio performance included AMA Group (ASX: AMA). AMA specialises in the vehicle aftercare and accessories market, offering services in panel repair, workshop and performance products, vehicle protection devices and commercial vehicle accessories. Following an unsuccessful takeover bid for AMA in 2018, we invested into the business due to our belief that AMA's new management team would re-focus the business on organic growth and earnings accretive acquisitions to continue to boost market share in the highly fragmented panel-beating sector. The business posted a strong first-half result and with the recent storms in Sydney, we see a strong pipeline of work. AMA closed up 16.0% for the month.

### Market-driven portion of the investment portfolio:

A contributor for the month was Australian financial technology company Afterpay Touch Group (ASX: APT), which closed up 13.6%. APT operates in Australia and New Zealand with a rapidly expanding business in the United States. The catalyst to invest in APT came from the strong momentum the business has in signing new clients in the United States, with a number of large retailers such as Steve Madden and Urban Outfitters publically endorsing APT in their recent results briefings.



**Oscar Oberg**  
LLB BBus CFA  
Lead Portfolio Manager



**Martin Hickson**  
BBus BComp M App Fin  
Lead Portfolio Manager

## Net tangible asset (NTA) figures

The below NTA figures are **before** the 7.75 cents per share fully franked interim dividend due to be paid on 26 April 2019. The shares traded ex-dividend on Wednesday, 10 April 2019. Since inception, WAM Capital has paid \$2.23 per share in fully franked dividends to shareholders.

|                                                         |                  |
|---------------------------------------------------------|------------------|
| <b>NTA before tax</b>                                   | <b>184.82c*</b>  |
| <b>NTA after tax and before tax on unrealised gains</b> | <b>185.83c**</b> |
| <b>NTA after tax</b>                                    | <b>188.04c**</b> |

\*The NTA before tax is after the payment of \$5.3m (0.74 cents per share) in tax during the month.

\*\*Includes 0.55 cents per share of tax assets resulting from the acquisition of unlisted investment companies.

Based on the 29 March 2019 share price of \$2.23 per share and the annualised FY2019 fully franked interim dividend of 15.5 cents per share.

Pre-tax net  
tangible assets

**\$1.85**

Gross assets

**\$1,322.2m**

Fully franked  
dividend yield\*

**7.0%**

Performance  
(p.a. since August 1999)

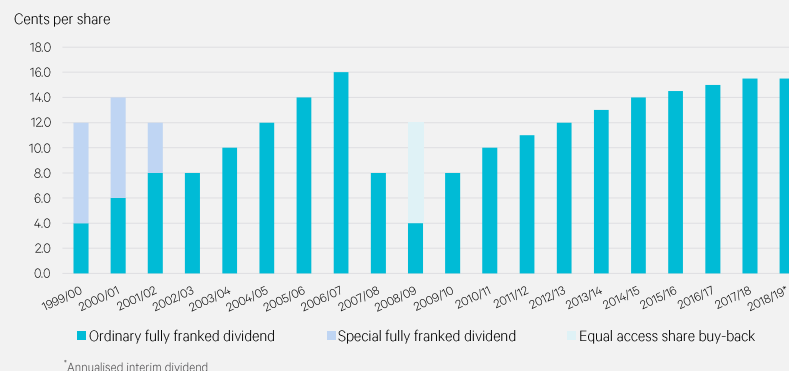
**16.6%**

### Performance at 31 March 2019

|                                           | 1<br>mth     | 6<br>mths    | Fin<br>YTD   | 1<br>yr       | 3 yrs<br>%pa | 5 yrs<br>%pa | 10 yrs<br>%pa | Since<br>inception<br>%p.a.<br>(Aug-99) |
|-------------------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|-----------------------------------------|
| WAM Investment Portfolio                  | 0.4%         | -6.9%        | -3.2%        | 0.7%          | 9.6%         | 11.6%        | 16.4%         | 16.6%                                   |
| S&P/ASX All Ordinaries Accumulation Index | 0.7%         | 1.1%         | 3.0%         | 11.2%         | 11.3%        | 7.5%         | 10.5%         | 8.3%                                    |
| <b>Outperformance</b>                     | <b>-0.3%</b> | <b>-8.0%</b> | <b>-6.2%</b> | <b>-10.5%</b> | <b>-1.7%</b> | <b>+4.1%</b> | <b>+5.9%</b>  | <b>+8.3%</b>                            |

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

## Fully franked dividends since inception



## Top 20 holdings in alphabetical order

|                                        |     |
|----------------------------------------|-----|
| Afterpay Touch Group Limited           | APT |
| ALS Corporation Limited                | ALQ |
| Austal Limited                         | ASB |
| Bravura Solutions Limited              | BVS |
| Cleanaway Waste Management Limited     | CWY |
| Collins Foods Limited                  | CKF |
| Corporate Travel Management Limited    | CTD |
| G8 Education Limited                   | GEM |
| InvoCare Limited                       | IVC |
| Macquarie Group Limited                | MQG |
| Monadelphous Group Limited             | MND |
| Myer Holdings Limited                  | MYR |
| Pengana International Equities Limited | PIA |
| PSC Insurance Group Limited            | PSI |
| Seven Group Holdings Limited           | SVW |
| Steadfast Group Limited                | SDF |
| Templeton Global Growth Fund Limited   | TGG |
| The a2 Milk Company Limited            | A2M |
| Viva Energy Group Limited              | VEA |
| Vocus Group Limited                    | VOC |

|                       | February 2019     |              | March 2019        |              |
|-----------------------|-------------------|--------------|-------------------|--------------|
| Investment type       | \$m               | %            | \$m               | %            |
| Listed equities       | 891.0             | 67.3         | 968.5             | 73.2         |
| Short portfolio       | (0.1)             | (0.0)        | (3.3)             | (0.2)        |
| Fixed interest & cash | 432.5             | 32.7         | 357.0             | 27.0         |
| <b>Gross assets</b>   | <b>\$1,323.4m</b> | <b>100.0</b> | <b>\$1,322.2m</b> | <b>100.0</b> |
| Market capitalisation | \$1,584.2m        |              | \$1,591.3m        |              |
| Total shares on issue | 713,608,947       |              | 713,608,947       |              |

# W | A | M Leaders

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

## Portfolio update

The WAM Leaders portfolio increased 1.0% in March, with the contribution predominately driven by iron-ore and defensive yield-sensitive positions. The strongest contributors included Fortescue Metals Group (ASX: FMG), Rio Tinto (ASX: RIO) and BHP Group (ASX: BHP). The iron-ore price has spiked since the Vale Brumadinho tailings dam disaster on 25 January 2019, which was a catalyst for the closure of an additional 56 Brazilian dams for safety concerns. Brazilian iron-ore exports in March fell to their lowest levels for more than a decade.

On the demand side, the Chinese Government has stepped up measures to stimulate its economy with a large injection of funds to reinvigorate total social financing (TSF), a measure of credit and liquidity in the economy. Chinese Premier Li Keqiang also announced further tax cuts aimed at offsetting deteriorating economic data to maintain the country's strong growth rate. The feedback from our on-the-ground research in China, paints a bullish picture for steel demand in China. FMG, RIO and BHP closed up 17.3%, 1.8% and 3.4% for the month.



**Matthew Haupt**  
BCom GradDip App Fin CFA  
Lead Portfolio Manager

## Net tangible asset (NTA) figures

The below NTA figures are **before** the fully franked interim dividend of 2.65 cents per share due to be paid on 26 April 2019. The shares traded ex-dividend on Wednesday, 10 April 2019. Since inception, WAM Leaders has paid 8.0 cents per share in fully franked dividends to shareholders.

|                                                         |                 |
|---------------------------------------------------------|-----------------|
| <b>NTA before tax</b>                                   | <b>121.11c*</b> |
| <b>NTA after tax and before tax on unrealised gains</b> | <b>119.93c</b>  |
| <b>NTA after tax</b>                                    | <b>118.98c</b>  |

\*The NTA before tax is after the payment of \$44k (0.006 cents per share) in tax during the month.

Based on the 29 March 2019 share price of \$112 per share.

Pre-tax net  
tangible assets

\$1.21

Gross assets

\$950.7m

Annualised fully franked  
interim dividend

5.3c

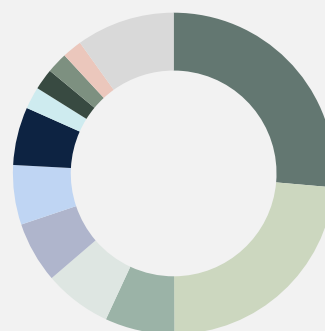
Performance  
(p.a. since May 2016)

11.1%

| Performance at<br>31 March 2019 | 1<br>mth     | 6<br>mths    | Fin<br>YTD   | 1<br>yr      | Since<br>inception<br>%p.a.<br>(May-16) |
|---------------------------------|--------------|--------------|--------------|--------------|-----------------------------------------|
| WLE Investment Portfolio        | 1.0%         | 2.6%         | 3.4%         | 11.4%        | 11.1%                                   |
| S&P/ASX 200 Accumulation Index  | 0.7%         | 1.8%         | 3.3%         | 12.1%        | 9.6%                                    |
| <b>Outperformance</b>           | <b>+0.3%</b> | <b>+0.8%</b> | <b>+0.1%</b> | <b>-0.7%</b> | <b>+1.5%</b>                            |

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

## Portfolio composition by sector



|                                  |
|----------------------------------|
| Materials: 26.4%                 |
| Financials: 23.6%                |
| Consumer Staples: 7.0%           |
| Consumer Discretionary: 6.8%     |
| Industrials: 6.1%                |
| Energy: 6.0%                     |
| Health Care: 5.8%                |
| Real Estate: 2.2%                |
| Information Technology: 2.1%     |
| Telecommunication Services: 2.1% |
| Utilities: 2.0%                  |
| Cash and Fixed Interest: 9.9%    |

|                       | February 2019   |              | March 2019      |              |
|-----------------------|-----------------|--------------|-----------------|--------------|
| Investment type       | \$m             | %            | \$m             | %            |
| Listed equities       | 764.1           | 90.0         | 856.4           | 90.1         |
| Short portfolio       | 0.0             | 0.0          | 0.0             | 0.0          |
| Fixed interest & cash | 84.6            | 10.0         | 94.3            | 9.9          |
| <b>Gross assets</b>   | <b>\$848.7m</b> | <b>100.0</b> | <b>\$950.7m</b> | <b>100.0</b> |
| Market capitalisation | \$795.7m        |              | \$876.7m*       |              |
| Total shares on issue | 704,135,905     |              | 782,756,039*    |              |

\*During the month, 78,620,134 shares were issued following the completion of the Scheme of Arrangement with Century Australia.

## Top 20 holdings in alphabetical order

|                                      |     |
|--------------------------------------|-----|
| Amcors Limited                       | AMC |
| Aristocrat Leisure Limited           | ALL |
| BHP Group Limited                    | BHP |
| Commonwealth Bank of Australia       | CBA |
| Computershare Limited                | CPU |
| CSL Limited                          | CSL |
| Fortescue Metals Group Limited       | FMG |
| Macquarie Group Limited              | MQG |
| National Australia Bank Limited      | NAB |
| Newcrest Mining Limited              | NCM |
| OZ Minerals Limited                  | OZL |
| Rio Tinto Limited                    | RIO |
| South32 Limited                      | S32 |
| Suncorp Group Limited                | SUN |
| Telstra Corporation Limited          | TLS |
| The Star Entertainment Group Limited | SGR |
| Treasury Wine Estates Limited        | TWE |
| Westpac Banking Corporation          | WBC |
| Woodside Petroleum Limited           | WPL |
| Woolworths Group Limited             | WOW |

# W | A | M Global

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

## Portfolio update

The MSCI World Index (AUD) increased 1.5% in March, whilst the S&P Global Mid Small Index in AUD terms fell 0.2%.

The best performing global sectors were information technology, consumer staples and real estate while industrials and financials lagged. Most major equity markets rallied in local terms: the US S&P 500 Index by 1.8%, the Euro Stoxx 50 Index by 1.6%, the UK FTSE 100 Index by 2.9%, China's CSI 300 Index by 5.5% and Australia's S&P/ASX All Ordinaries Accumulation Index by 0.7%. Japan's TOPIX fell by 1.0% during the month.

Contributors to the investment portfolio performance during the month included Bandai Namco (TYO: 7832), Thermo Fisher Scientific (NYSE: TMO) and Worldpay (NYSE: WP).

Bandai Namco specialises in gaming, entertainment and toy manufacturing. As the owner of a large catalogue of intellectual property content, has future revenue opportunities through the growth of the Mobile and Chinese gaming industries. Although Bandai Namco operates within a hit-driven industry, where games can fall in and out of popularity in a short period of time, the business has a conservative management team, who have a track record of delivering consistent earnings growth over time.

TMO is a US-listed global medical technology business focused on producing analytical instruments, accelerating life sciences research, improving patient diagnostics and increasing laboratory productivity. During the month, TMO announced the acquisition of privately held Brammer Bio for \$1.7 billion in cash. The acquisition will expand TMO's contract development and manufacturing organisation capabilities and add to its already strong position in the gene and cell therapy manufacturing market. TMO estimates this market is worth approximately \$10 billion (c. 60% outsourced) and growing at 25% annually.

WP is a global leader in e-commerce and payments. On 18 March, they announced they were entering into a definitive merger agreement with Fidelity National Information Services (NYSE: FIS), who are a global leader in financial services technology. The combination enhances FIS' acquiring and payments offerings and increases WP's distribution footprint, speeding up entry into new geographies.

Brexit negotiations dominated global news headlines during March without resolution and trade war negotiations between China and the US continued in the background. We met with over 80 companies in Japan and China during the month and there is no doubt that trade wars have significantly impacted both economies. The uncertainty has hindered corporate boards and management teams in their strategic decision-making with regards to hiring, expansion and capital investment. In both countries, businesses involved in automotive supply chain, the semiconductor industry and electronics components saw a significant decrease in demand since the second half of last year.

With a trade war resolution appearing closer and China having announced significant stimulatory measures, sentiment has risen and is likely to translate into a more significant resumption in demand as the year continues. China released its March purchasing managers' index (PMI) survey, exceeding expectations to record the greatest monthly gain since 2012, supporting this thesis.



**Catriona Burns**  
BCom MApp Fin CFA  
Lead Portfolio Manager

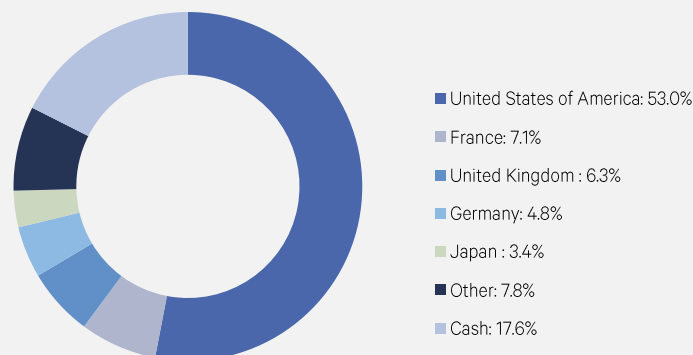
Pre-tax net  
tangible assets

\$2.17

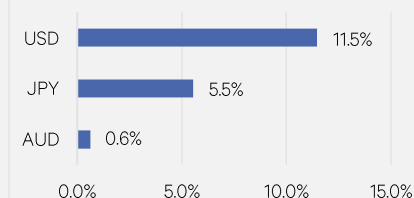
Gross assets

\$454.2m

## Portfolio composition by geographical exposure



## Cash currency exposure (17.6%)



## Top 20 holdings in alphabetical order

|                                 |         |     |
|---------------------------------|---------|-----|
| Alphabet Inc                    | GOOG US | USA |
| American Express Company        | AXP US  | USA |
| Bandai Namco Holdings Inc       | 7832 JP | JPN |
| Booking Holdings Inc            | BKNG US | USA |
| CDW Corporation                 | CDW US  | USA |
| CME Group Inc                   | CME US  | USA |
| Danone SA                       | BN FP   | FRA |
| Deutsche Boerse AG              | DB1 GY  | GER |
| Diageo PLC                      | DGE LN  | UK  |
| Entertainment One Limited       | ETO LN  | UK  |
| Harris Corporation              | HRS US  | USA |
| HCA Healthcare Inc              | HCA US  | USA |
| Logitech International SA       | LOGN SW | SUI |
| Norfolk Southern Corporation    | NSC US  | USA |
| Reckitt Benckiser Group PLC     | RB LN   | UK  |
| SS&C Technologies Holdings Inc  | SSNC US | USA |
| Thermo Fisher Scientific Inc    | TMO US  | USA |
| United Technologies Corporation | UTX US  | USA |
| Vivendi SA                      | VIV FP  | FRA |
| Waste Management Inc            | WM US   | USA |

|                       | February 2019   |              | March 2019      |              |
|-----------------------|-----------------|--------------|-----------------|--------------|
| Investment type       | \$m             | %            | \$m             | %            |
| Listed equities       | 363.2           | 81.5         | 374.5           | 82.4         |
| Short portfolio       | 0.0             | 0.0          | 0.0             | 0.0          |
| Fixed interest & cash | 82.5            | 18.5         | 79.7            | 17.6         |
| <b>Gross assets*</b>  | <b>\$445.7m</b> | <b>100.0</b> | <b>\$454.2m</b> | <b>100.0</b> |
| Market capitalisation | \$404.2m        |              | \$410.5m*       |              |
| Total shares on issue | 211,607,623     |              | 211,607,623     |              |

\*Gross assets exclude the \$5.5m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

## Net tangible asset (NTA) figures

|                                                         |                |
|---------------------------------------------------------|----------------|
| <b>NTA before tax</b>                                   | <b>216.66c</b> |
| <b>NTA after tax and before tax on unrealised gains</b> | <b>222.72c</b> |
| <b>NTA after tax</b>                                    | <b>217.66c</b> |

# W | A | M Research

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

## Portfolio update

The WAM Research investment portfolio increased 1.3% in March.

Contributors to the portfolio performance included Myer Holdings (ASX: MYR) and AMA Group (ASX: AMA). MYR exceeded market expectations when the retailer reported its 2019 half year results in March. MYR announced earnings before interest, taxes, depreciation and amortisation of \$113.6 million and net profit after tax of \$41.3 million, up 4.9% and 3.1% on the prior corresponding period respectively. We see the potential for cost savings across Myer's store footprint and believe that Myer's management team can improve product and service to drive top line sales growth. MYR closed up 61.0% for the month.

AMA specialises in the vehicle aftercare and accessories market, offering services in panel repair, workshop and performance products, vehicle protection devices and commercial vehicle accessories. Following an unsuccessful takeover bid for AMA in 2018, we invested into the business due to our belief that AMA's new management team would re-focus the business on organic growth and earnings accretive acquisitions to continue to boost market share in the highly fragmented panel-beating sector. The business posted a strong first-half result and with the recent storms in Sydney, we see a strong pipeline of work. AMA closed up 16.0% for the month.



**Oscar Oberg**  
LLB BBus CFA  
Lead Portfolio Manager

## Net tangible asset (NTA) figures

The below NTA figures are **before** the fully franked interim dividend of 4.85 cents per share due to be paid on 26 April 2019. The shares traded ex-dividend on Wednesday, 10 April 2019. Since inception, WAM Research has paid 94.6 cents per share in fully franked dividends to shareholders.

|                                                         |                |
|---------------------------------------------------------|----------------|
| <b>NTA before tax</b>                                   | <b>115.92c</b> |
| <b>NTA after tax and before tax on unrealised gains</b> | <b>117.32c</b> |
| <b>NTA after tax</b>                                    | <b>115.95c</b> |

\*Based on the 29 March 2019 share price of \$1.43 per share and the annualised FY2019 fully franked interim dividend of 9.7 cents per share.

Pre-tax net  
tangible assets

\$1.16

Gross assets

\$220.4m

Fully franked  
dividend yield<sup>a</sup>

6.8%

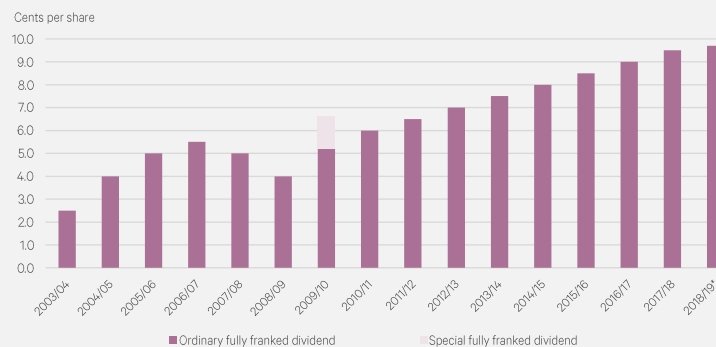
Performance  
(p.a. since July 2010)

15.8%

| Performance at<br>31 March 2019           | 1<br>mth     | 6<br>mths     | Fin<br>YTD   | 1<br>yr       | 3 yrs<br>%pa | 5 yrs<br>%pa | 7 yrs<br>%pa | Since change in<br>investment strategy<br>%p.a.<br>(Jul-10) |
|-------------------------------------------|--------------|---------------|--------------|---------------|--------------|--------------|--------------|-------------------------------------------------------------|
| WAX Investment Portfolio                  | 1.3%         | -9.0%         | -4.4%        | -0.5%         | 9.3%         | 132%         | 16.4%        | 15.8%                                                       |
| S&P/ASX All Ordinaries Accumulation Index | 0.7%         | 1.1%          | 3.0%         | 11.2%         | 11.3%        | 7.5%         | 9.7%         | 8.9%                                                        |
| <b>Outperformance</b>                     | <b>+0.6%</b> | <b>-10.1%</b> | <b>-7.4%</b> | <b>-11.7%</b> | <b>-2.0%</b> | <b>+5.7%</b> | <b>+6.7%</b> | <b>+6.9%</b>                                                |

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

## Fully franked dividends since inception



\*Annualised interim dividend

## Top 20 holdings in alphabetical order

|                                      |     |
|--------------------------------------|-----|
| ALS Limited                          | ALQ |
| AMA Group Limited                    | AMA |
| Aristocrat Leisure Limited           | ALL |
| Austal Limited                       | ASB |
| Bravura Solutions Limited            | BVS |
| City Chic Collective Limited         | CCX |
| Cleanaway Waste Management Limited   | CWY |
| Credit Corp Group Limited            | CCP |
| G8 Education Limited                 | GEM |
| Infomedia Limited                    | IFM |
| InvoCare Limited                     | IVC |
| Link Administration Holdings Limited | LNK |
| Monadelphous Group Limited           | MND |
| Myer Holdings Limited                | MYR |
| Noni B Limited                       | NBL |
| PSC Insurance Group Limited          | PSI |
| The a2 Milk Company Limited          | A2M |
| Viva Energy Group Limited            | VEA |
| Vocus Group Limited                  | VOC |
| Xero Limited                         | XRO |

# W | A | M *Active*

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

## Portfolio update

The WAM Active portfolio decreased 0.5% in March.

A contributor for the month was Australian financial technology company Afterpay Touch Group (ASX: APT), which closed up 13.6%. APT operates in Australia and New Zealand with a rapidly expanding business in the United States. The catalyst to invest in APT came from the strong momentum the business has in signing new clients in the United States, with a number of large retailers such as Steve Madden and Urban Outfitters publically endorsing APT in their recent results briefings.

A detractor to performance during March was WorleyParsons (ASX: WOR). WOR is an engineering services company that specialises in the resources and energy sectors and complex process industries. With an estimated 75% of revenues coming from the oil and gas industry, we are positive on the outlook for WOR given the record number of contract wins during the last 12 months. WOR closed down 5.0% for the month.



**Martin Hickson**  
BBus BComp M App Fin  
Lead Portfolio Manager

## Net tangible asset (NTA) figures

The below NTA figures are **before** the fully franked interim dividend of 2.95 cents per share due to be paid on 26 April 2019. The shares traded ex-dividend on Wednesday, 10 April 2019. Since inception, WAM Active has paid 62.8 cents per share in fully franked dividends to shareholders.

|                                                         |                |
|---------------------------------------------------------|----------------|
| <b>NTA before tax</b>                                   | <b>102.87c</b> |
| <b>NTA after tax and before tax on unrealised gains</b> | <b>104.69c</b> |
| <b>NTA after tax</b>                                    | <b>104.66c</b> |

\*Based on the 29 March 2019 share price of \$105 per share and the annualised FY2019 fully franked interim dividend of 5.9 cents per share.

Pre-tax net tangible assets

**\$1.03**

Gross assets

**\$47.5m**

Fully franked dividend yield<sup>a</sup>

**5.6%**

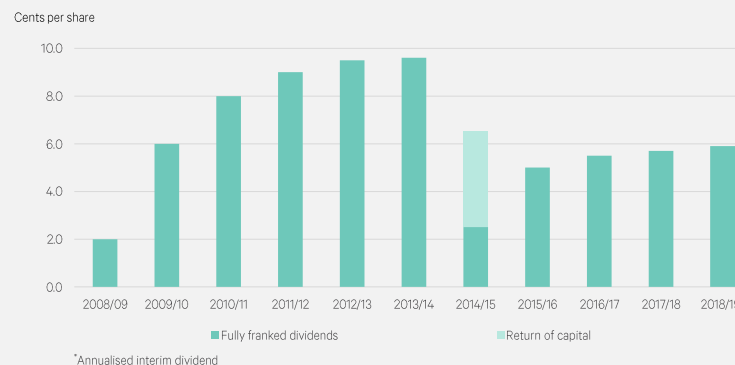
Performance (p.a. since January 2008)

**11.9%**

| Performance at 31 March 2019              | 1 mth        | 6 mths       | Fin YTD      | 1 yr         | 3 yrs %pa    | 5 yrs %pa    | 10 yrs %pa    | Since inception %p.a. (Jan-08) |
|-------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------------------------|
| WAA Investment Portfolio                  | -0.5%        | -3.7%        | -0.9%        | 2.9%         | 10.2%        | 10.0%        | 14.3%         | 11.9%                          |
| S&P/ASX All Ordinaries Accumulation Index | 0.7%         | 1.1%         | 3.0%         | 11.2%        | 11.3%        | 7.5%         | 10.5%         | 4.2%                           |
| <b>Outperformance</b>                     | <b>-1.2%</b> | <b>-4.8%</b> | <b>-3.9%</b> | <b>-8.3%</b> | <b>-1.1%</b> | <b>+2.5%</b> | <b>+3.8%</b>  | <b>+7.7%</b>                   |
| UBS Bank Bill Index (Cash)                | 0.2%         | 1.0%         | 1.5%         | 2.0%         | 1.9%         | 2.1%         | 3.0%          | 3.4%                           |
| <b>Outperformance</b>                     | <b>-0.7%</b> | <b>-4.7%</b> | <b>-2.4%</b> | <b>+0.9%</b> | <b>+8.3%</b> | <b>+7.9%</b> | <b>+11.3%</b> | <b>+8.5%</b>                   |

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

## Fully franked dividends since inception



## Top 20 holdings in alphabetical order

|                                        |     |
|----------------------------------------|-----|
| Afterpay Touch Group Limited           | APT |
| Altium Limited                         | ALU |
| Appen Limited                          | APX |
| Ausdrill Limited                       | ASL |
| Caltex Australia Limited               | CTX |
| CIMIC Group Limited                    | CIM |
| Collins Foods Limited                  | CKF |
| Corporate Travel Management Limited    | CTD |
| IDP Education Limited                  | IEL |
| IRESS Limited                          | IRE |
| Macquarie Group Limited                | MQG |
| Macquarie Media Limited                | MRN |
| McMillan Shakespeare Limited           | MMS |
| Nine Entertainment Co Holdings Limited | NEC |
| Pengana International Equities Limitd  | PIA |
| Platinum Investment Management Limited | PTM |
| Seven Group Holdings Limited           | SVW |
| Steadfast Group Limited                | SDF |
| Templeton Global Growth Fund Limited   | TGG |
| WorleyParsons Limited                  | WOR |

# W | A | M *Microcap*

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

## Portfolio update

The WAM Microcap investment portfolio increased 0.3% in March.

Contributors to the portfolio performance included Johns Lyng Group (ASX: JLG) and Rhipe (ASX: RHP). JLG is a construction company focused on the management and restoration of buildings damaged from natural disasters. The catalyst to buy shares in JLG came from our belief that recent storms in Sydney and floods in Townsville would drive a large pipeline of work. Furthermore, a strong balance sheet gives JLG the ability to make earnings accretive acquisitions. JLG closed up 6.6% in March.

RHP is a software company that specialises in the distribution of cloud computing products in Australia, New Zealand and south-east Asia. Our catalyst to invest in RHP came from its exposure to the high-growth cloud services sector and its leading relationship with Microsoft as one of its key partners across the Australia and New Zealand region. Shares in RHP closed up 13.4% for the month.



**Oscar Oberg**  
LLB BBus CFA  
Lead Portfolio Manager



**Martin Hickson**  
BBus BComp M App Fin  
Lead Portfolio Manager

## Net tangible asset (NTA) figures

The below NTA figures are **before** the fully franked interim dividend of 2.25 cents per share due to be paid on 26 April 2019. The shares traded ex-dividend on Wednesday, 10 April 2019. Since inception, WAM Microcap has paid 6.0 cents per share in fully franked dividends to shareholders.

|                                                         |                |
|---------------------------------------------------------|----------------|
| <b>NTA before tax</b>                                   | <b>126.57c</b> |
| <b>NTA after tax and before tax on unrealised gains</b> | <b>126.18c</b> |
| <b>NTA after tax</b>                                    | <b>124.07c</b> |

\*Based on the 29 March 2019 share price of \$1.235 per share.

Pre-tax net  
tangible assets

**\$1.27**

Gross assets

**\$182.8m**

Annualised fully franked  
interim dividend

**4.5c**

Performance  
(p.a. since June 2017)

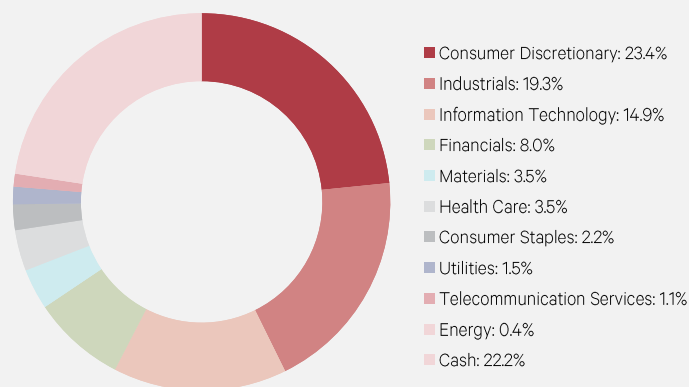
**15.9%**

## Performance at 31 March 2019

|                                             | <b>1<br/>mth</b> | <b>Fin<br/>YTD</b> | <b>1<br/>yr</b> | <b>Since<br/>inception<br/>%p.a.<br/>(Jun-17)</b> |
|---------------------------------------------|------------------|--------------------|-----------------|---------------------------------------------------|
| WMI Investment Portfolio                    | 0.3%             | 0.0%               | 5.7%            | 15.9%                                             |
| S&P/ASX Small Ordinaries Accumulation Index | -0.1%            | -1.8%              | 5.8%            | 11.5%                                             |
| <b>Outperformance</b>                       | <b>+0.4%</b>     | <b>+1.8%</b>       | <b>-0.1%</b>    | <b>+4.4%</b>                                      |

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

## Portfolio composition by sector



## Top 20 holdings in alphabetical order

|                                      |     |
|--------------------------------------|-----|
| A2B Australia Limited                | A2B |
| Australian Vintage Limited           | AVG |
| City Chic Collective Limited         | CCX |
| Generation Development Group Limited | GDG |
| Infomedia Limited                    | IFM |
| Johns Lyng Group Limited             | JLG |
| Macquarie Media Limited              | MRN |
| Noni B Limited                       | NBL |
| Pacific Energy Limited               | PEA |
| Propel Funeral Partners Limited      | PFP |
| People Infrastructure Limited        | PPE |
| PSC Insurance Group Limited          | PSI |
| PWR Holdings Limited                 | PWH |
| QANTM Intellectual Property Limited  | QIP |
| Ruralco Holdings Limited             | RHL |
| Rhipe Limited                        | RHP |
| Spicers Limited                      | SRS |
| Think Childcare Limited              | TNK |
| 360 Capital Total Return Fund        | TOT |
| Village Roadshow Limited             | VRL |

|                        | <b>February 2019</b> |              | <b>March 2019</b> |              |
|------------------------|----------------------|--------------|-------------------|--------------|
| <b>Investment type</b> | <b>\$m</b>           | <b>%</b>     | <b>\$m</b>        | <b>%</b>     |
| Listed equities        | 129.6                | 71.0         | 142.2             | 77.8         |
| Short portfolio        | (0.0)                | (0.0)        | (0.0)             | (0.0)        |
| Fixed interest & cash  | 52.9                 | 29.0         | 40.6              | 22.2         |
| <b>Gross assets</b>    | <b>\$182.5m</b>      | <b>100.0</b> | <b>\$182.8m</b>   | <b>100.0</b> |
| Market capitalisation  | \$176.4m             |              | \$173.6m*         |              |
| Total shares on issue  | 140,530,698          |              | 140,530,698       |              |

# Investment & management team



**Geoff Wilson AO**  
BSc GMQ FFINSIA FAICD  
Chairman &  
Chief Investment  
Officer



**Kate Thorley**  
BCom CA GAICD  
Chief Executive  
Officer



**Catriona Burns**  
BCom MAppFin FFINSIA  
CFA  
Lead Portfolio  
Manager



**Matthew Haupt**  
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Manager



**Martin Hickson**  
BBus BComp MAppFin  
Lead Portfolio  
Manager



**Oscar Oberg**  
LLB BBus CFA  
Lead Portfolio  
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**Tobias Yao**  
BCom CFA  
Portfolio Manager



**John Ayoub**  
LLB BA GradCertAppFin  
Portfolio Manager



**Nick Healy**  
BEng (Hons) MBA  
Global Equity  
Analyst



**Sam Koch**  
BBus  
Equity Analyst



**Cooper Rogers**  
BCom GradDipAppFin  
Dealer



**Jesse Hamilton**  
BCom CA  
Chief Financial  
Officer



**James McNamara**  
BJourn MComn GradDipFin  
Head of Corporate  
Affairs