

# Strong investment portfolio outperformance, high full year partially franked dividend

29 August 2024  
ASX announcement  
and media release

**+26.4%**

Investment portfolio performance in FY2024

**+17.1%**

Investment portfolio outperformance of the S&P/ASX Small Ordinaries Accumulation Index in FY2024

**+13.9%**

Investment portfolio outperformance of the S&P/ASX All Ordinaries Accumulation Index in FY2024

**15.5 cps**

Full year dividend, 60% franked

For personal use only

**\$4.39 per share**

Dividends paid since inception, including the value of franking credits

**\$1.50 per share**

Pre-tax NTA at 30 June 2024

**1.2 years**

Dividend coverage, based on 18.8 cps in the profits reserve at 31 July 2024 and before the payment of the final dividend of 7.75 cps

## Q&A Webinar

Friday 6 September 2024 at 12:00pm (Sydney time)

Register to join the investment team for our WAM Capital, WAM Microcap, WAM Research and WAM Active FY2024 Full Year Results Q&A Webinar.

[Register now](#)

The WAM Capital Limited (ASX: WAM) investment portfolio increased 26.4%\* in the financial year, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 17.1% and the S&P/ASX All Ordinaries Accumulation Index by 13.9%.

WAM Capital's strong investment portfolio performance added 20.8 cents per share to the profits reserve during the year. The profits reserve was 1.6 cents per share at the start of the year after the FY2023 final dividend, and ended the year at 14.7 cents per share, increasing to 18.8 cents per share at 31 July 2024. The investment portfolio performance contributed to a 37.0% increase in the operating profit before tax of \$319.4 million (FY2023: \$233.2 million) and an operating profit after tax of \$229.2 million (FY2023: \$173.3 million) in the Company's 2024 full year results.

Chairman Geoff Wilson AO said: "The WAM Capital investment team has strongly outperformed the market, allowing the Board to maintain the extremely high full year dividend of 15.5 cents per share for shareholders."

The WAM Capital Board of Directors declared a final dividend of 7.75 cents per share, partially franked at 60%, given the Company's franking account balance at the end of the financial year. The full year dividend of 15.5 cents per share provides shareholders with a high dividend yield of 10.1%\*\* and a grossed-up yield of 12.7%\*\* when including the value of franking credits. The level of franking in FY2025 and beyond is dependent on tax paid on realised profits and the receipt of franked dividends from investee companies. The WAM Capital Board of Directors expects the FY2025 full year dividend to also be partially franked at 60%, should the Company be able to maintain the full year dividend of 15.5 cents per share.

The Company has maintained an extremely high franked dividend yield over the past five years. WAM Capital is one of the highest yielding listed investment companies (LICs) in Australia and in order to continue paying a 15.5 cents per share full year dividend, the investment portfolio needs to increase more than 16% per annum, grossed-up for fees and taxes. There is no certainty that such high returns can be maintained each year.

Since inception, WAM Capital has returned over \$1.8 billion or \$4.39 per share in dividends and franking credits to shareholders.

\*Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant indexes which are before expenses, fees and taxes.

\*\*Based on the 28 August 2024 share price of \$1.54. Grossed-up dividend yield is based on a tax rate of 30.0%.

The return on any equity investment for shareholders can be made up of a combination of capital (i.e. movement in the Company's share price) and income (i.e. through franked or unfranked dividends paid to shareholders on a semi-annual basis). If the dividends paid to shareholders (including franking credits) exceeds the increase in assets during the year, then the NTA of the Company declines.

One of the benefits of the LIC structure is that the profits reserve accumulated over time allows the Company to maintain its dividend during volatile periods in equity markets. Following the coronavirus pandemic and market volatility in 2020, the Board made the decision to maintain the 15.5 cents per share franked dividend for shareholders rather than reducing the dividend, recognising the importance of regular income through franked dividends to shareholders. Over the past five years, WAM Capital has paid shareholders an average grossed-up dividend yield on the pre-tax NTA of approximately 14%, which is much higher than the return on the equity market and the investment portfolio performance over this time. Over the same period, the S&P/ASX Small Ordinaries Accumulation Index rose 3.7% per annum and the S&P/ASX All Ordinaries Accumulation Index was up 7.6% per annum, while the WAM Capital investment portfolio increased 10.1%\* per annum.

WAM Capital's high franked dividend yield, in excess of the annualised return of the investment portfolio performance, has resulted in a capital reduction of approximately 5.2% per annum of the Company's NTA as the value of the franked dividend of 15.5 cents per share and the tax paid to frank the dividend have been paid out each year. The Company has paid out 109.4 cents per share to shareholders during this five-year period, including 77.5 cents per share in franked dividends and 31.9 cents per share in franking credits, providing shareholders with a significant income stream that resulted in a reduction in capital. The dividends and franking credits (tax paid) paid out to shareholders exceed the reduction in the Company's share price and NTA over this period, as shareholders have received a high-income component to their returns, versus a combination of income and capital growth.

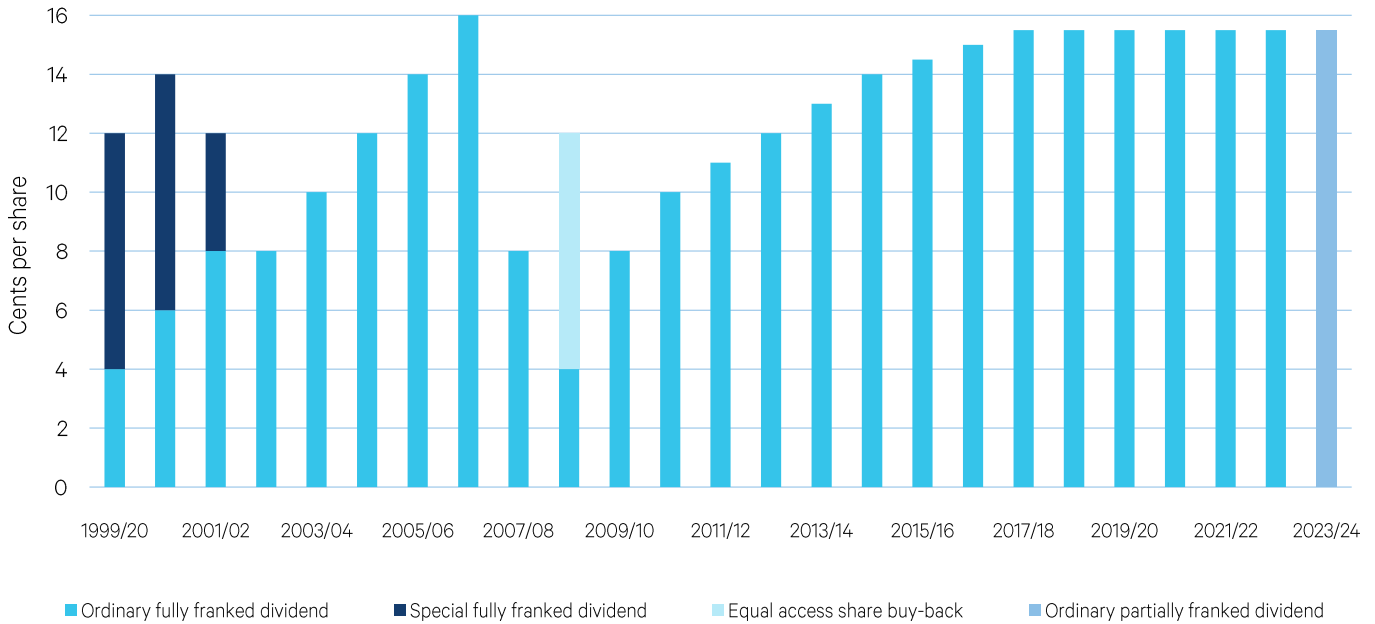
Total shareholder return (TSR) (i.e. the movement in the Company's share price together with franked dividends paid to shareholders) for WAM Capital has been impacted over the past five years with the Company's share price premium to NTA reducing from a high of 32.4% in late 2020 to a discount of 4.6% as at 30 June 2024. TSR for WAM Capital shareholders over the past five years was 4.8% per annum, including the value of franking credits. LICs can trade at premiums and discounts to their underlying NTA and over the past 10 years, WAM Capital has traded at an average premium to NTA of 16.4%. A LIC's premium or discount to NTA can move independently of the underlying investment portfolio performance of the Company. Please refer to the Chairman's letter in the [2024 WAM Capital Annual Report](#) for further details.

Lead Portfolio Manager Oscar Oberg said: "Despite the ongoing macroeconomic headwinds we have been witnessing since the 2020 coronavirus pandemic, the WAM Capital investment portfolio experienced its strongest year of outperformance since 2016. The team capitalised on emerging themes, such as the rise of artificial intelligence (AI), which benefitted small-cap technology companies. As active managers our bullish stance on the consumer sector also contributed to investment portfolio returns. We made significant gains from retail companies where market earnings expectations were low.

"Stock picking from the team was strong over the course of the year, as the team successfully applied WAM Capital's proven investment process to identify quality, undervalued growth companies across various sectors. Historically, when market conditions shift in favour of smaller and medium sized companies, the turnaround is often swift and significant and we are in an excellent position to capitalise on these market opportunities," Mr Oberg said.

\*Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant indexes which are before expenses, fees and taxes.

**Dividends since inception**



**Key dividend dates**

Ex-dividend date	<b>21 October 2024</b>
Dividend record date (7:00pm Sydney time)	<b>22 October 2024</b>
Last election date for DRP	<b>24 October 2024</b>
Payment date	<b>31 October 2024</b>

The Dividend Reinvestment Plan (DRP) is in operation and the recommended partially franked final dividend of 7.75 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 volume weighted average market price (VWAP) 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 final dividend.

**Investment portfolio performance since inception**

Investment portfolio performance at 30 June 2024	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM Capital Investment Portfolio*	26.4%	6.6%	10.1%	11.5%	15.3%
S&P/ASX All Ordinaries Accumulation Index	12.5%	6.1%	7.6%	8.3%	8.4%
<b>Outperformance</b>	<b>+13.9%</b>	<b>+0.5%</b>	<b>+2.5%</b>	<b>+3.2%</b>	<b>+6.9%</b>
S&P/ASX Small Ordinaries Accumulation Index	9.3%	-1.5%	3.7%	6.4%	5.2%
<b>Outperformance</b>	<b>+17.1%</b>	<b>+8.1%</b>	<b>+6.4%</b>	<b>+5.1%</b>	<b>+10.1%</b>

\*Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant indexes which are before expenses, fees and taxes.

**Top holdings with portfolio weightings**  
at 30 June 2024

Research-driven holdings

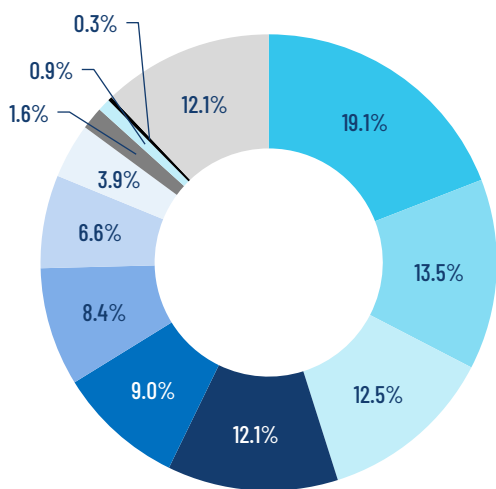
Code	Company name	%
TUA	Tuas Limited	3.9%
GEM	G8 Education Limited	2.5%
LNW	Light & Wonder Inc.	2.4%
SGF	SG Fleet Group Limited	2.3%
WEB	Webjet Limited	2.3%
MGH	Maas Group Holdings Limited	2.1%
GTK	Gentrack Group Limited	2.0%
GDG	Generation Development Group Limited	1.8%
BGA	Bega Cheese Limited	1.7%
JIN	Jumbo Interactive Limited	1.7%

Market-driven holdings

Code	Company name	%
A2M	The a2 Milk Company Limited	3.9%
SVW	Seven Group Holdings Limited	2.7%
CAR	CAR Group Limited	2.2%
360	Life360 Inc.	2.1%
INA	Ingenia Communities Group	2.0%
IRE	Iress Limited	2.0%
NXT	NEXTDC Limited	1.9%
CDA	Codan Limited	1.7%
HUB	HUB24 Limited	1.6%
HMC	HMC Capital Limited	1.5%

For personal use only

**Diversified investment portfolio by sector**  
at 30 June 2024



- Consumer discretionary: 19.1%
- Financials: 13.5%
- Industrials: 12.5%
- Information technology: 12.1%
- Health care: 9.0%
- Communication services: 8.4%
- Consumer staples: 6.6%
- Real estate: 3.9%
- Materials: 1.6%
- Energy: 0.9%
- Utilities: 0.3%
- Cash: 12.1%

**Portfolio composition by market capitalisation**  
at 30 June 2024

	WAM Capital <sup>†</sup>	S&P/ASX All Ordinaries Index	S&P/ASX Small Ordinaries Index
ASX Top 20	0.0%	56.5%	0.0%
ASX 21-50	0.0%	15.5%	0.0%
ASX 51-100	16.8%	12.8%	0.0%
ASX 101-300	52.0%	11.6%	100.0%
Ex ASX 300	19.1%	3.6%	0.0%

<sup>†</sup>The investment portfolio held 12.1% in cash.

## About WAM Capital

WAM Capital Limited (ASX: WAM) is a listed investment company (LIC) managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed, diversified portfolio of undervalued growth companies listed on the ASX, with a focus on small-to-medium sized businesses. WAM Capital also provides exposure to relative value arbitrage and market mispricing opportunities. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital.

All major platforms provide access to WAM Capital, including Asgard eWRAP Investment, BT Panorama, BT Wrap, Colonial First State FirstWrap, Hub24, IOOF Pursuit Select Investment Service, Macquarie Investment Manager / Consolidator, MLC Wrap IDPS and SMS, Netwealth Wrap and North Investment.

Listed August 1999



WAM Capital receives coverage from the following independent investment research providers:



This announcement has been authorised by the Board of WAM Capital Limited.

For personal use only

## About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 25 years. As the Investment Manager for eight LICs – WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) – and the Wilson Asset Management Leaders Fund, Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 retail investors.

Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement and is a significant funder of many Australian charities, providing all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.



**>\$5 billion**  
in funds under management

**>200 years**  
combined investment experience

**>25 years**  
making a difference for shareholders

**10**  
Investment products

For more information visit [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au) or contact:

**Geoff Wilson AO**  
Chairman &  
Chief Investment Officer  
(02) 9247 6755

**Kate Thorley**  
Chief Executive Officer  
(02) 9247 6755  
0405 115 644

**Jesse Hamilton**  
Chief Financial Officer  
(02) 9247 6755  
0401 944 807

**Camilla Cox**  
Corporate Affairs Manager  
(02) 9247 6755  
0407 407 062