

Strong investment portfolio outperformance drives increased fully franked final and special dividends

3 August 2020
ASX announcement

- Strong outperformance of investment portfolio of 17.5%
- A 33.3% increase in fully franked final dividend of 3.0 cents per share and a 33.3% increase in fully franked special dividend 3.0 cents per share
- Share Purchase Plan and Placement

The WAM Microcap Board of Directors are pleased to declare a fully franked final dividend of 3.0 cents per share and a fully franked special dividend of 3.0 cents per share, bringing the FY2020 fully franked full year dividend to 9.0 cents per share. This represents a 33.3% increase on the FY2019 fully franked final dividend and a 33.3% increase on the FY2019 fully franked full year dividend.

The FY2020 full year dividend provides shareholders with a fully franked dividend yield of 6.5% and a grossed-up dividend yield of 9.4%* based on the 31 July 2020 share price of \$1.375 per share.

Sound stock selection from the WAM Microcap investment team drove the investment portfolio's strong outperformance during the 12-month period to 30 June 2020, contributing to the increased fully franked final and special dividends. The investment portfolio outperformed the S&P/ASX Small Ordinaries Accumulation Index by 17.5%, increasing 11.8%**. Since inception in June 2017, the WAM Microcap investment portfolio has increased 15.9%** per annum, outperforming the Index by 10.0%** per annum.

The Company has a profits reserve of 28.7 cents per share as at 30 June 2020, before the payment of the final dividend of 3.0 cents per share and special dividend of 3.0 cents per share, representing 4.8 years of dividend coverage. The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserve and franking credits and it is within prudent business practices. Since inception, WAM Microcap has paid 15.75 cents per share in fully franked dividends to shareholders. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

The WAM Microcap Board is pleased to offer shareholders the opportunity to increase their interest in the Company with the announcement of a Share Purchase Plan (SPP) to all shareholders, which offers shareholders the opportunity to acquire up to \$30,000 of ordinary, fully paid shares in WAM Microcap without incurring any brokerage. Shareholders who participate in the SPP will be entitled to receive the fully franked final dividend of 3.0 cents per share and the fully franked special dividend of 3.0 cents per share on shares issued under the offer. The Board currently intends to offer existing WAM Microcap professional and sophisticated investors# the ability to participate in a Placement at the same price and under the same terms as the SPP.

Investment portfolio outperformance since inception

as at 30 June 2020

	3 mths	1 yr	Since inception %pa (Jun-17)
WMI Investment Portfolio**	32.9%	11.8%	15.9%
S&P/ASX Small Ordinaries Accumulation Index	23.9%	-5.7%	5.9%
Outperformance	+9.0%	+17.5%	+10.0%

*Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

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

#Shareholders on the WAM Microcap register as at 7:00pm (Sydney time) on Friday, 31 July 2020 with a registered address in Australia or New Zealand.

*These terms are defined in the Corporations Act and refer to individuals with net assets greater than \$25 million, or those who earn gross income of \$250,000, or a Superannuation Fund with net assets of at least \$10 million.

Share Purchase Plan and Placement

The Issue Price for each SPP Share will be equal to the Company's net tangible asset (NTA) backing per Share as at 31 July 2020, which is expected to be announced on or before 14 August 2020. The Issue Price may be adjusted if required to comply with the requirements of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and the ASX listing rules.

Shareholders who participate in the SPP and Placement will be entitled to the fully franked final dividend of 3.0 cents per share and fully franked special dividend of 3.0 cents per share on shares issued under the offer. WAM Microcap's pre-tax net tangible assets (NTA) as at 30 June 2020 was \$1.31 per share. The share price closed at \$1.375 per share on Friday, 31 July 2020.

The Placement is currently expected to occur in the last week of August 2020 to WAM Microcap professional and sophisticated investors[#]. The Board can issue additional shares provided it complies with the relevant ASX Listing Rules. Up to an additional 21 million shares can be raised through the Placement. The shares issued under the Placement will rank pari passu with existing shares. If you would like to participate, please call your stockbroker, financial advisor or Hamish Nairn from Taylor Collison on (08) 8217 3908.

Benefits to all shareholders

The SPP and Placement will deliver benefits to all shareholders beyond the opportunity for participants to purchase shares at a discount to the current market price. The primary purpose of the capital raising is to grow the Company's assets, and to increase its relevance in the market, improve the prospect of broker and research coverage, increase interest from financial planners and gain additional access to market opportunities, such as pre-IPO capital raisings.

SPP key dates

SPP Record date (AEST 7pm)	Friday, 31 July 2020
Issue of SPP Offer Booklet	Tuesday, 4 August 2020
SPP opens	Tuesday, 4 August 2020
SPP closes	Thursday, 20 August 2020
Issue date of new shares	Monday, 31 August 2020
Dividend payment date	Friday, 23 October 2020

WAM Microcap Investor Q&A Call

Wilson Asset Management will host a WAM Microcap focused investor Q&A call at 10:30am (Sydney time) on Tuesday, 11 August with Chairman and Chief Investment Officer Geoff Wilson AO, Lead Portfolio Manager Oscar Oberg and Portfolio Manager Tobias Yao. To participate, dial 1800 590 693 and enter 522340 or visit this [website](#).

Top 20 holdings with portfolio weightings

as at 30 June 2020

Code	Company	%	Code	Company	%
IFM	Infomedia Limited	2.9%	3PL	3P Learning Limited	2.1%
CCX	City Chic Collective Limited	2.6%	EVO	Evolve Education Group Limited	2.1%
TPW	Temple & Webster Group Limited	2.5%	RBL	Redbubble Limited	2.0%
PPE	People Infrastructure Limited	2.5%	BBN	Baby Bunting Group Limited	1.9%
VVA	Viva Leisure Limited	2.4%	MMM	Marley Spoon AG	1.9%
AMA	AMA Group Limited	2.4%	OCL	Objective Corporation Limited	1.9%
FCL	FINEOS Corporation Holdings PLC	2.4%	UWL	Uniti Group Limited	1.7%
JLG	Johns Lyng Group Limited	2.3%	THL NZ	Tourism Holdings Limited	1.6%
CAJ	Capitol Health Limited	2.3%	TRS	The Reject Shop Limited	1.6%
VGL	Vista Group International Limited	2.2%	AQZ	Alliance Aviation Services Limited	1.6%

About WAM Microcap

WAM Microcap Limited (ASX: WMI) has an investment management agreement with Wilson Asset Management. Listed in June 2017, WAM Microcap provides investors access to a portfolio of undervalued micro-cap growth companies with a market capitalisation of less than \$300 million at the time of acquisition. WAM Microcap also provides exposure to relative value arbitrage and market mispricing opportunities. WAM Microcap's investment objectives are to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital.

All major platforms provide access to WAM Microcap, including BT Panorama, Colonial First State FirstWrap, Netwealth, Macquarie Wrap, Powerwrap and Hub24. WAM Microcap receives coverage from the following independent investment research providers:



About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As the investment manager for six leading LICs: WAM Capital, WAM Leaders, WAM Global, WAM Microcap, WAM Research and WAM Active, Wilson Asset Management invests over \$3 billion on behalf of more than 85,000 retail investors. Wilson Asset Management is the creator and lead supporter of Future Generation Australia and Future Generation Global, a passionate advocate for retail investors and a member of the global philanthropic Pledge 1% movement.



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

For further information, visit wilsonassetmanagement.com.au or contact:

Geoff Wilson AO

Chairman &
Chief Investment Officer
(02) 9247 6755

Kate Thorley

Chief Executive Officer
(02) 9247 6755

Jesse Hamilton

Chief Financial Officer
0401 944 807

James McNamara

Head of Corporate Affairs
0416 734 080