W | A | M *Capital*

The most exciting undervalued growth opportunities in the Australian market.

2021 Half Year Results



Chairman's update

Geoff Wilson AO

- 144.1% increase in operating profit before tax
- 22.8%^ investment portfolio performance in the half year to December, outperforming the Index by 7.1%^
- 7.75c per share fully franked interim dividend

WAM Capital Limited (ASX: WAM) achieved a 144.1% increase in operating profit before tax to $233.4 million and a 136.6% increase in operating profit after tax to $166.5 million in its FY2021 half year results. The operating profit for the period is reflective of the strong investment portfolio performance over the period.

The Board of Directors have declared a fully franked interim dividend of 7.75 cents per share, representing an annualised fully franked dividend yield of 7.0%*. The fully franked dividend has been achieved through the strong performance of the investment portfolio since inception, the profits reserve available and is consistent with the Company's investment objective of delivering investors a stream of fully franked dividends.

The investment portfolio increased 22.8%^ during the period, outperforming the S&P/ASX All Ordinaries Accumulation Index by 7.1%^, with an average cash level of 11.0%. Over the 2020 calendar year the portfolio increased 9.6%^, outperforming the Index by 6.0%^, with an average cash holding of 16.9%.

During the reporting period, the coronavirus pandemic, vaccine updates, stimulus measures and the US election provided a dynamic and challenging backdrop for equity markets. We were pleased with the strong investment portfolio outperformance, which was achieved by the investment team's rigorous application of our proven investment process.

The December half presented significant corporate opportunities, with WAM Capital announcing takeover offers for Concentrated Leaders Fund (ASX: CLF), Contango Income Generator (ASX: CIE) and amaysim Australia (ASX: AYS). All three offers were net tangible asset (NTA) accretive for WAM Capital's shareholders.

WAM Capital provided shareholders with a total shareholder return of 26.8% in the six months to 31 December 2020, reflecting the Company's strong investment portfolio performance and the increase in the share price premium to NTA.

^Investment portfolio performance and Index returns are before expenses, fees and taxes.
*Based on the 31 December 2020 share price of $2.23 per share.

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Annualised fully franked interim dividend

15.5c

Annualised fully franked dividend yield*

7.0%

Dividends paid since inception (per share)

254.0c

Fully franked interim dividend

The Board declared a fully franked interim dividend of 7.75 cents per share. The Dividend Reinvestment Plan (DRP) will be operating at a 2.5% discount for the interim dividend.

Since inception in August 1999, WAM Capital has paid 254.0 cents per share in fully franked dividends to shareholders.

Key dividend dates

Ex dividend date	31 May 2021
Record date	1 June 2021
Last election date for DRP	3 June 2021
Payment date	7 June 2021

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.

The Company's ability to continue paying fully franked dividends is dependent on generating additional profits reserves and franking credits. The ability to generate franking credits is reliant on the receipt of franked dividends from investments and the payment of tax on profits.

The Company's profits reserve at the end of the period was 20.0 cents per share, before the payment of the fully franked interim dividend of 7.75 cents per share.

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Our focus remained on identifying undervalued growth companies, during a six-month period that saw a spirited framework for markets amid increasing coronavirus cases globally, positive vaccine news and record stimulus.

Coronavirus cases continued to increase during the period, with record daily case numbers in the US and Europe. Of particular concern was the development and spread of a highly infectious mutant strain of coronavirus in the UK. In Australia, cases remained under control until a cluster emerged in the Northern Beaches of Sydney, leading to domestic border closures, restricting mobility over the holiday period.

The development of a successful coronavirus vaccine with higher than expected efficacy rates dominated news towards the end of the year. After ongoing civil unrest and a fierce presidential debate, clarity in the US election outcome saw markets rally.

As a result of growing confidence in a pathway to economic recovery, markets witnessed a shift from growth companies to value companies through the period. We took this opportunity to increase our exposure to companies within cyclical sectors like automotive, housing and financial services. In particular we expect sectors such as mining services and building materials will benefit from an increase in construction activity due to record low interest rates and accommodative policies such as the HomeBuilder Grant.

Core holdings that significantly contributed to the investment portfolio outperformance during the period included: online marketplace Redbubble (ASX: RBL), metal detection and mining technology company Codan (ASX: CDA), specialty retailer of homefurnishings Adairs (ASX: ADH) and transport services and tourism provider SeaLink Travel Group (ASX: SLK). Detractors for the period included: Uniti Group (ASX: UWL), Bravura Solutions (ASX: BVS) and Pushpay Holdings (ASX: PPH).

We expect volatility to remain over the course of 2021 and have continued our strategy to focus on investing in companies offering the most liquidity, with 72% of the portfolio able to be sold within 30 days as at 31 December 2020.

Investment portfolio performance

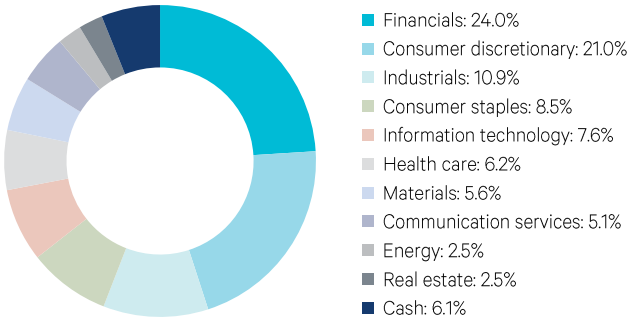
as at 31 December 2020

	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM Investment Portfolio	22.8%	9.6%	8.2%	10.3%	12.9%	16.4%
S&P/ASX All Ordinaries Accumulation Index	15.7%	3.6%	7.4%	9.3%	7.9%	8.3%
Outperformance	**+7.1%**	**+6.0%**	**+0.8%**	**+1.0%**	**+5.0%**	**+8.1%**

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

Portfolio composition by sector

as at 31 December 2020



Top holdings with portfolio weightings

as at 31 December 2020

Research-driven holdings

Code	Company	%
CDA	Codan Limited	2.6%
IFM	Infomedia Limited	1.9%
BWX	BWX Limited	1.8%
FBU	Fletcher Building Limited	1.7%
ELD	Elders Limited	1.7%
SLK	SeaLink Travel Group Limited	1.6%
BAP	Bapcor Limited	1.6%
VEA	Viva Energy Group Limited	1.5%
UMG	United Malt Group Limited	1.5%
BRG	Breville Group Limited	1.5%

Market-driven holdings

Code	Company	%
CIE	Contango Income Generator Limited	4.7%
AUI	Australian United Investment Company Limited	3.1%
TGG	Templeton Global Growth Fund Limited	2.6%
INA	Ingenia Communities Group	2.4%
CLF	Concentrated Leaders Fund Limited	2.1%
RHC	Ramsay Health Care Limited	2.0%
SGR	The Star Entertainment Group Limited	1.9%
PIA	Pengana International Equities Limited	1.8%
DOW	Downer EDI Limited	1.7%
PDL	Pendal Group Limited	1.5%

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