Wilson Asset Management | OVER 20 YEARS Making a difference

July 2021 Investment Update

For personal use only

	Pre-tax NTA
WAM Capital	$1.89
WAM Leaders	$1.41
WAM Global	$2.75
WAM Microcap	$1.68
WAM Alternative Assets	$1.17
WAM Strategic Value	$1.29
WAM Research	$1.20
WAM Active	$1.02

Dear Fellow Shareholders,

The Delta variant continues to spread, impacting Australia through recurrent lockdowns. We believe this is delaying the economic rebound that will take place when Australia learns to manage COVID-19. In the US, a solid earnings season and equity market highs reminded investors of the market's forward looking bias. The Australian reporting season has just begun and Lead Portfolio Manager (LPM) Oscar Oberg shared his positive outlook for cyclical Australian companies benefitting from this economic resurgence. LPM Matthew Haupt shared his views on the triggers that will lead to the normalisation of interest rates which will present one of the greatest inflection points of our time.

The MSCI World Index (AUD) closed up 4.0% for the month, and in local terms, the US S&P 500 Index up 2.3% and the Euro Stoxx 50 Index up 0.6%, while China's CSI 300 Index closed down 7.9%, Japan's TOPIX Index down 2.2% and the UK FTSE 100 Index down 0.1%. The Australian share market rose for the 10th straight month, with the ASX 200 Index reaching a record high. The S&P/ASX All Ordinaries Accumulation Index rose 1.1%.

Olympic dreams in Tokyo

I greatly enjoyed watching the inspirational achievements of our Olympic athletes in Tokyo. We are fortunate to have the honour of managing a small portion of the Australian Olympic Committee's (AOC) funds on a pro bono basis. The AOC provides crucial financial and institutional support to Australian athletes, enabling them to compete at the Olympic level.

WAM Leaders Entitlement Offer

The WAM Leaders fully subscribed Entitlement Offer has closed, raising more than $277.2 million. More than 80% of the funds in the Entitlement Offer were taken up by existing WAM Leaders shareholders. Together, the Entitlement Offer, Top-Up Facility, Shortfall Facility and additional placement raised a combined $277.2 million, taking WAM Leaders' gross assets to more than $1.5 billion, making WAM Leaders one of the largest listed investment companies (LICs) on the ASX. Thank you to all who participated, we greatly value your support. Shares in the Entitlement Offer were today issued to WAM Leaders Shareholders.

LPM Matthew Haupt, Portfolio Manager John Ayoub, Equity Analyst Anna Milne and I recently reported to WAM Leaders shareholders in a webinar covered by the Australian Financial Review.

WAM Leaders and WAM Global: strong investment portfolio performance, increased fully franked dividends, record profits and total shareholder return and fully franked final dividends

Following strong performance of the WAM Leaders (ASX: WLE) and WAM Global (ASX: WGB) investment portfolios, both companies' Boards of Directors announced their unaudited results:

- WAM Leaders reported record investment portfolio performance of 37.0%, outperforming the S&P/ASX 200 Accumulation Index by 9.2% in the 12 months to 30 June 2021, a record 58.6% total shareholder return and a record operating profit before tax of $318.1 million. The Board of Directors declared a fully franked final dividend of 3.5 cents per share with the intention to deliver a FY2022 fully franked interim dividend of 4.0 cents per share (subject to no material adverse change in market conditions). I discussed the result with Matthew, John and Anna.
- WAM Global reported record investment portfolio of 30.7% in the 12 months to 30 June 2021, outperforming the MSCI World Index (AUD) by 3.2%, a record 45.9% total shareholder return and a record operating profit before tax of $137.0 million. The Board of Directors intends to declare a fully franked final dividend of 5.0 cents per share. The Australian covered the result and LPM Catriona Burns, Portfolio Manager Nick Healy and Equity Analyst William Liu and I discussed the result in a recent webinar.

We look forward to sharing each of our LICs results over the coming weeks.

Thank you for your continued support.

Geoff Wilson AO
Chairman & Chief Investment Officer



LIC snapshot

personal use only

W|A|M *Capital*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAM

Share price*	$2.22
NTA before tax	$1.89
Annualised fully franked interim dividend	15.5cps
Profits reserve#	21.8cps

W|A|M *Leaders*

Actively investing in the highest quality Australian companies

ASX: WLE

Share price*	$1.53
NTA before tax	$1.41
Annualised FY22 fully franked interim dividend guidance	8.0cps
Profits reserve#	36.2cps

W|A|M *Global*

The world's most compelling undervalued growth companies

ASX: WGB

Share price*	$2.68
WGBO option price*	$0.13
NTA before tax	$2.75
Fully franked full year dividend^	10.0cps
Profits reserve#	59.2cps

W|A|M *Microcap*

The most exciting undervalued growth opportunities in the Australian micro-cap market

ASX: WMI

Share price*	$1.885
NTA before tax	$1.68
Annualised fully franked interim dividend	8.0cps
Profits reserve#	48.6cps

W|A|M *Alternative Assets*

Unique opportunities beyond traditional assets

ASX: WMA

Share price*	$1.05
NTA before tax	$1.17
Commencement date	14 October 2020
Profits reserve#	11.5cps

W|A|M *Strategic Value*

Discounted asset opportunities

ASX: WAR

Share price*	$1.29
NTA before tax	$1.29
Listing date	28 June 2021
Profits reserve#	2.6cps

W|A|M *Research*

The most compelling undervalued growth opportunities in the Australian market

ASX: WAX

Share price*	$1.65
NTA before tax	$1.20
Annualised fully franked interim dividend	9.9cps
Profits reserve#	43.3cps

W|A|M *Active*

Mispricing opportunities in the Australian market

ASX: WAA

Share price*	$1.05
WAA option price*	$0.018
NTA before tax	$1.02
Annualised fully franked interim dividend	6.0cps
Profits reserve#	8.2cps

*As at 12 August 2021.
#The profits reserve figures are as at 31 July 2021 in cents per share (cps).
^Dividend dates for the intended 5.0 cents per share fully franked final dividend are subject to change and will be announced by WAM Global following the finalisation of the timetable for the Scheme of Arrangement with TGG.

W | A | M Research

The most compelling undervalued growth opportunities in the Australian market.

The WAM Research investment portfolio increased during the month, with significant contributors to the investment portfolio performance including pathology services provider Australian Clinical Labs (ASX: ACL) and jewellery retailer Lovisa Holdings (ASX: LOV).

Australian Clinical Labs provides pathology services in Australia, with 86 accredited laboratories performing services for more than 8 million people and 90 public and private hospitals. After listing on the ASX in May 2021, Australian Clinical Labs initially traded below its initial listing price. However, we believe the market misunderstood the company's earnings power, given its pre-listing focus on automating systems and processes coupled with increased levels of coronavirus testing, and the share price increased 14.1% during the month. We are positive on Australian Clinical Labs' ability to drive market share gains, with a balance sheet positioned for earnings accretive acquisitions. Over time, we expect superior organic growth rates and successful inorganic expansion to drive a re-rating in the Australian Clinical Lab's valuation towards its peers, versus the approximate 30% discount at present.

Lovisa is an Australian retailer specialising in fast fashion jewellery that has grown substantially with more than 400 stores globally. The company has a compelling business model including an online store and compact physical stores, keeping floor space costs to a minimum. Lovisa's business model is vertically integrated, through which it develops, designs, sources and merchandises 100% of its Lovisa-branded products. Despite stores being closed in Australia due to the coronavirus pandemic, we believe that Lovisa's strong store exposure to reopened economies such as the United States and the United Kingdom can positively surprise expectations at the upcoming full-year result. We are confident in Lovisa's global growth aspirations for the medium-term and expect levels of pent up demand to benefit its Australian stores once lockdowns ease.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
July 2021	120.07c^	124.99c	120.67c
June 2021	121.96c	121.39c	120.09c

^The July 2021 NTA before tax is after the provision for tax of $5.3m (2.72 cents per share) for the 2021 financial year.
*Includes 5.70 cents per share of income tax losses available to the Company in future periods.

Market capitalisation
(ASX: WAX)

$324.1m#

Gross assets

$246.9m

Listed equities

$229.3m

Investment portfolio performance
(pa since change in investment strategy July 2010)

16.3%^

S&P/ASX All Ordinaries Accumulation Index: 9.7%

Dividends paid since inception
(per share)

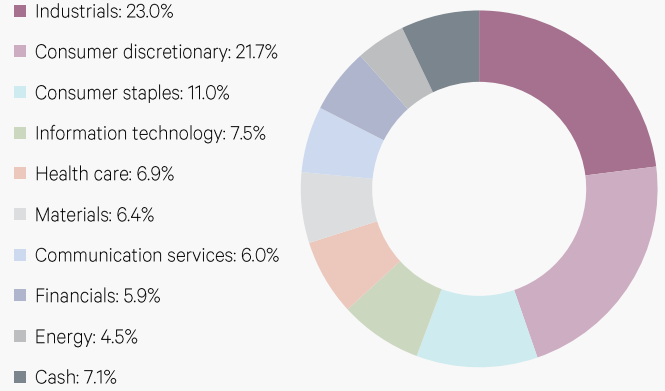
119.05c

Annualised fully franked interim dividend yield

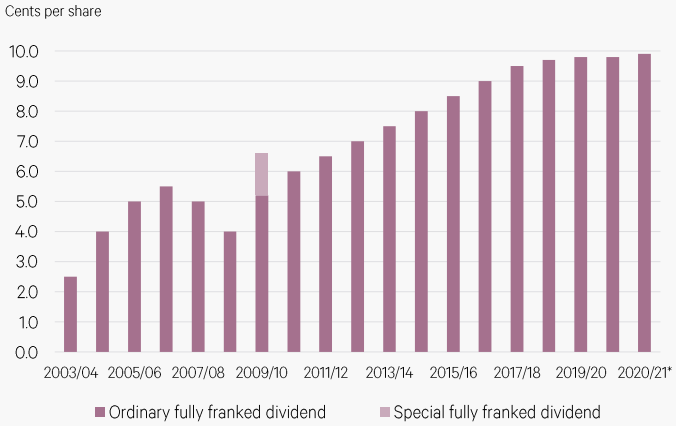
6.0%#

#Based on the 30 July 2021 share price of $1.655 per share and the annualised FY21 fully franked interim dividend of 9.9 cents per share. WAM Research has 195,818,039 shares on issue.
^Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends



*Annualised interim dividend.

Top 20 holdings (in alphabetical order)

ACL	ALG	CCX	CDA	EVT	IMD	IPH	LGL	LOV	MGH
MYR	NXT	PDL	SGF	SLK	SVW	UMG	VEA	VRT	WEB

Personal use only

W | A | M Capital

The most compelling undervalued growth opportunities in the Australian market.

The WAM Capital investment portfolio increased during the month, with significant contributors to the investment portfolio performance including pathology services provider Australian Clinical Labs (ASX: ACL) and almond producer Select Harvests (ASX: SHV).

Australian Clinical Labs provides pathology services in Australia, with 86 accredited laboratories performing services for more than 8 million people and 90 public and private hospitals. After listing on the ASX in May 2021, Australian Clinical Labs initially traded below its initial listing price. However, we believe the market misunderstood the company's earnings power, given its pre-listing focus on automating systems and processes coupled with increased levels of coronavirus testing, and the share price increased 14.1% during the month. We are positive on Australian Clinical Labs' ability to drive market share gains, with a balance sheet positioned for earnings accretive acquisitions. Over time, we expect superior organic growth rates and successful inorganic expansion to drive a re-rating in the Australian Clinical Lab's valuation towards its peers, versus the approximate 30% discount at present.

Select Harvests is a leading almond producer, as one of the largest growers in Australia. The company has benefited from considerable growth in Australian almond production and consumption in the last 10 years, with Australia becoming the second-biggest producer of almonds globally after the United States. In a July market update, the company reported continued growth in demand for almonds, with Australian almond exports up 67% on the prior period. The company also confirmed that market pricing had increased, with a downgrade in the United States 2021 crop harvest driving an increase in the overall market price for almonds by $0.50/kg to $6.75-$7.25/kg. We believe that almond prices are set to stage a multi-year recovery, which will benefit Select Harvests given its increased acreage following the Piangil Orchard acquisition in October 2020.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
July 2021	188.79c^	198.01c	193.61c
June 2021	189.25c	191.76c	192.88c

*The July 2021 NTA before tax is after the provision for tax of $13.1m (1.49 cents per share) for the 2021 financial year.
^Includes 1.12 cents per share of tax assets resulting from the acquisition of unlisted investment companies and 7.07 cents per share of income tax losses available to the Company in future periods.

Market capitalisation (ASX: WAM)

$1,941.1m#

Gross assets

$1,690.9m

Listed equities

$1,484.1m

Investment portfolio performance (pa since inception Aug 1999)

16.5%^

S&P/ASX All Ordinaries Accumulation Index: 8.7%

Dividends paid since inception (per share)

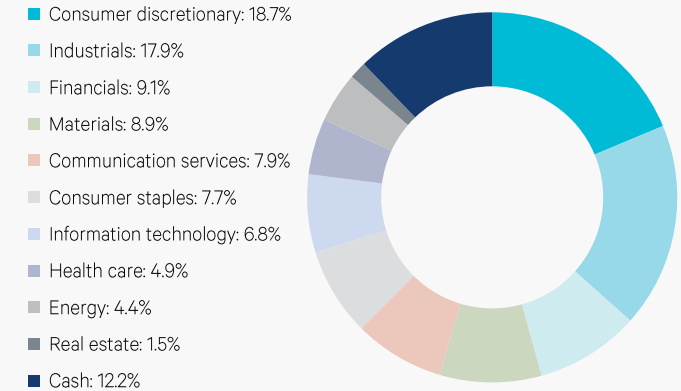
261.75c

Annualised fully franked interim dividend yield

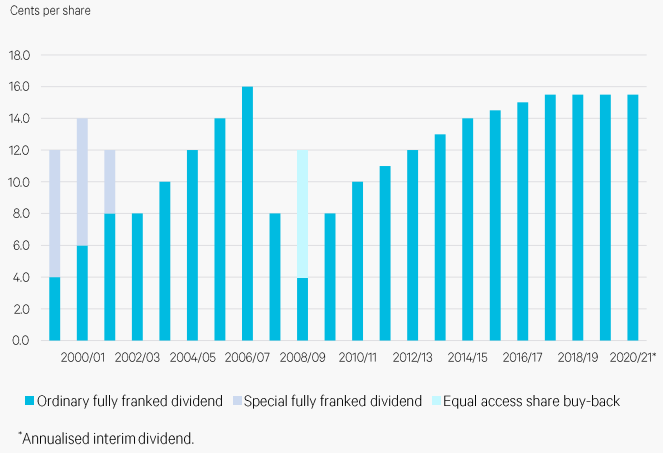
7.0%#

#Based on the 30 July 2021 share price of $2.21 per share and the annualised FY21 fully franked interim dividend of 15.5 cents per share. WAM Capital has 878,319,194 shares on issue.
^Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant index which is also before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends



*Annualised interim dividend.

Top 20 holdings (in alphabetical order)

ACL	ALQ	BRG	CAR	CCX	CDA	EVT	IMD	MGH	NWS
PDL	PGH	PXA	RWC	SGF	SVW	UMG	VEA	VUK	WEB

Personal Use Only

W | A | M *Leaders*

Actively investing in the highest quality Australian companies.

The WAM Leaders investment portfolio increased during the month. Significant corporate activity in July contributed to the investment portfolio performance, including the demerger of retail drinks and hospitality business Endeavour Group (ASX: EDV). Additionally, we welcome the proposed merger between oil and gas companies Santos (ASX: STO) and Oil Search (ASX: OSH).

Endeavour Group demerged from Woolworths Group (ASX: WOW) in late June, with the rationale of becoming two single-focused best-in-class companies and for Endeavour, a broader mandate for reinvestment. Endeavour Group operates a combined 1,650 Dan Murphy's and BWS network of stores throughout Australia, which are the leading market positions in retail liquor. They are also the largest hotels network in Australia, with 332 hotel venues. We expect a recovery in coronavirus-impacted hotel earnings over the coming year, and believe there is significant upside to organic and inorganic expansion and renovation plans for both its retail liquor and hotel divisions over the medium-term. We will continue to evaluate our position in Endeavour Group, in particular given the ongoing lockdowns and the company's inaugural results announcement in August.

After a series of negotiations in July, Oil Search ultimately announced its intention to recommend a buyout offer from Santos. The merged entity will create a top-20 global oil and gas company, owning assets in Australia, Papua New Guinea and Alaska. In an industry ripe for consolidation, we see significant merit in combining the two entities. The merger creates a diverse portfolio of tier one assets, substantial synergies by consolidating corporate, operations, and exploration resources, and an investment grade credit rating providing cheaper funding. We welcome this new leadership and direction to Oil Search, and expect that under CEO Kevin Gallagher, we will see significant upside to current production and cost targets, and a clear focus on maximising shareholder value.

Net Tangible Assets (NTA) per share

	NTA before tax (including FY21 tax payable)	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
July 2021	145.23c	141.39c^	141.60c	138.14c
June 2021	144.01c	144.01c	140.17c	137.27c

^The July 2021 NTA before tax is after the provision for tax of $32.2m (3.84 cents per share) for the 2021 financial year.

Market capitalisation
(ASX: WLE)

$1,252.1m*

Gross assets

$1,236.0m

Listed equities

$1,188.9m

Investment portfolio performance
(pa since inception May 2016)

14.9%^

S&P/ASX 200 Accumulation Index: 10.4%

Dividends paid since inception
(per share)

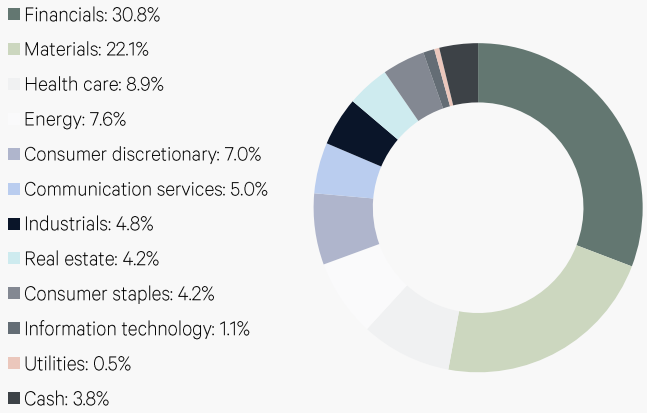
23.65c

Annualised fully franked interim dividend guidance yield

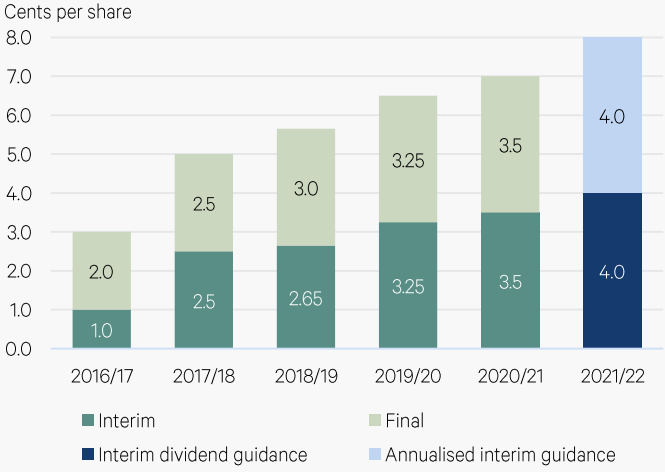
5.3%*

*Based on the 30 July 2021 share price of $1.495 per share and the annualised FY22 fully franked interim dividend guidance of 8.0 cents per share. WAM Leaders has 837,543,215 shares on issue.
^Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends



Top 20 holdings (in alphabetical order)

ALL	ANZ	BHP	CBA	CGF	CSL	CWN	IAG	NAB	OSH
OZL	QBE	RIO	S32	SCG	SUN	TAH	TCL	TLS	WOW

Investor Update

W | A | M *Global*

The world's most compelling undervalued growth companies.

The WAM Global investment portfolio increased during the month, with strong contributors to the investment portfolio performance including contract research organisation ICON (NASDAQ: ICLR), and global heating, ventilation and air conditioning (HVAC), refrigeration, fire and security solutions provider Carrier (NYSE: CARR).

Headquartered in Ireland, ICON assists biotech and pharmaceutical firms in the clinical trial process for medicine and medical device approval. In July, ICON completed its acquisition of PRA Health Services (NASDAQ: PRAH) for approximately USD12 billion. The transaction brings together 38,000 employees across 47 countries and creates one of the world's largest and most advanced clinical research organisations. The acquisition is highly accretive to earnings, and positions the combined company as the leading industry player in key areas including decentralised trials and data driven patient recruitment. During the month, ICON also announced strong second quarter 2021 financial results, reporting revenue of USD871.2 million, an increase of 40.5% from the prior year, and strong earnings growth and cash generation. ICON increased its full year guidance, with revenue expected to be in the range of USD5.3 billion to USD5.5 billion. ICON trades at an attractive valuation relative to industry peers and is set to benefit from both the PRA Health Services merger and the long-term tailwinds in biotechnology.

Carrier is a global provider of building and cold chain solutions with three divisions: HVAC, Refrigeration and Fire and Security. In July, Carrier announced second quarter 2021 results, reporting sales of USD5.4 billion, up 37% from the prior year, and increased its full year organic sales growth outlook to between 10% to 12% from 5% to 8%. Driving these strong results are several thematic tailwinds which will benefit the company over the coming years. These include increasing demand for digital aftermarket services, strength in the K-12 school vertical, and an increasing customer focus on both indoor air quality and environmental, society and governance-related efficiency improvements. In July, Carrier also confirmed the sale of its Chubb division to APi Group (NYSE: APG) for a cash consideration of USD2.6 billion. The sale enables Carrier to focus on its core businesses and to reallocate net proceeds consistent with its capital allocation priorities, including investing in R&D that will drive organic growth going forward. We believe the sale of Chubb simplifies Carrier's structure, facilitates easier comparison to higher valued competitors including Trane and Lennox and is a catalyst to re-rate the share price higher.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
July 2021	275.08c^	273.20c	265.76c
June 2021	272.76c	267.05c	259.90c

^The July 2021 NTA before tax is after the provision for tax of $14.2m (6.0 cents per share) for the 2021 financial year.
The above July NTA figures are not adjusted for the 188,248,468 options on issue with an exercise price of $2.54 per option.

Market capitalisation
(ASX: WGB)

$634.1m*

Gross assets

$669.3m

Listed equities

$636.5m

Investment portfolio performance
(pa since inception June 2018)

13.4%^

MSCI World Index (AUD): 14.6%

Fully franked full year dividend

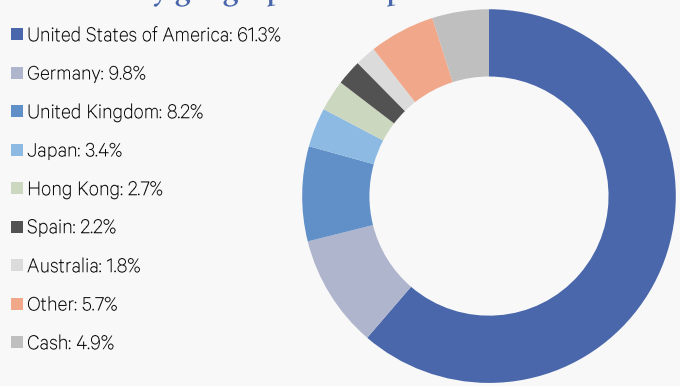
10.0c**

Cash weighting

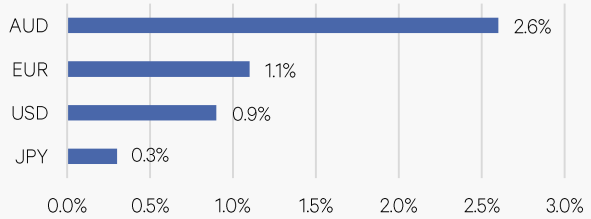
4.9%

*Based on the 30 July 2021 share price of $2.67 per share and 237,495,872 shares on issue. During the month, 1,161,420 options were exercised and allotted under the Bonus Issue of Options announced on 10 February 2021.
^Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

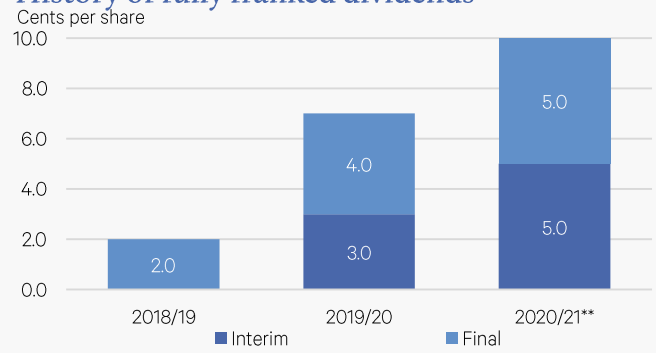
Portfolio by geographical exposure



Cash currency exposure



History of fully franked dividends



**Dividend dates for the intended 5.0 cents per share fully franked final dividend are subject to change and will be announced by WAM Global following the finalisation of the timetable for the Scheme of Arrangement with TGG.

Top 20 holdings (in alphabetical order)

APG US	AVTR US	BKNG US	BOO LN	CARR US	DB1 GY	EA US	FERG LN	FIS US	FISV US
ICE US	ICLR US	LOW US	PWR US	SAX GR	SMPL US	TMO US	TRU US	V US	ZBRA US

Investor Update

W | A | M *Microcap*

The most exciting undervalued growth opportunities in the Australian micro-cap market.

The WAM Microcap investment portfolio increased during the month, outperforming the S&P/ASX Small Ordinaries Accumulation Index. Significant contributors to the investment portfolio outperformance included Australian logistics operator Silk Logistics Holdings (ASX: SLH) and telecommunications company Swoop Holdings (ASX: SWP).

Silk Logistics is one of the largest third-party logistics suppliers in Australia. Since 2014, Silk Logistics has undertaken a number of successful acquisitions, proving its capability in benefiting from industry consolidation. The company had a successful initial public offering in July with its share price increasing 25% on its first day of trading. Silk Logistics is a beneficiary of the tailwinds in the logistics sector triggered partly by the coronavirus pandemic, which has seen demand surge for delivery services. We are positive on the long-term outlook for Silk Logistics, targeting industries less impacted by economic downturns such as food and packaged agriculture products. The company is also investing in tracking technologies that give visibility to the inefficiencies in a supply chain, adding to its customer service offering and competitive edge.

Swoop is a low-cost Australian internet provider headquartered in Victoria, with operations recently expanding into South Australia. The company successfully listed on the ASX on 27 May 2021, reporting significant institutional and retail demand for its $20 million capital raising. Swoop is a beneficiary of increased demand for home internet services in the sudden shift to a work-from-home environment during the coronavirus pandemic. We are encouraged by the company's future growth potential following its acquisition of South Australian-based wireless broadband provider Wan Solutions Pty Ltd (trading as Beam Internet) in July. This acquisition leverages Beam's recently upgraded network as a springboard into the South Australian market.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
July 2021	168.01c*	166.62c	159.93c
June 2021	169.26c	164.96c	157.78c

*The July 2021 NTA before tax is after the provision for tax of $9.0m (4.32 cents per share) for the 2021 financial year.

Market capitalisation
(ASX: WMI)

$377.2m#

Gross assets

$367.7m

Listed equities

$326.0m

Investment portfolio performance
(pa since inception June 2017)

24.2%^

S&P/ASX Small Ordinaries Accumulation Index: 12.0%

Dividends paid since inception
(per share)

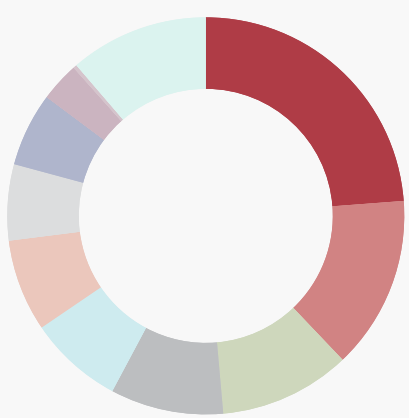
25.75c

Annualised fully franked interim dividend

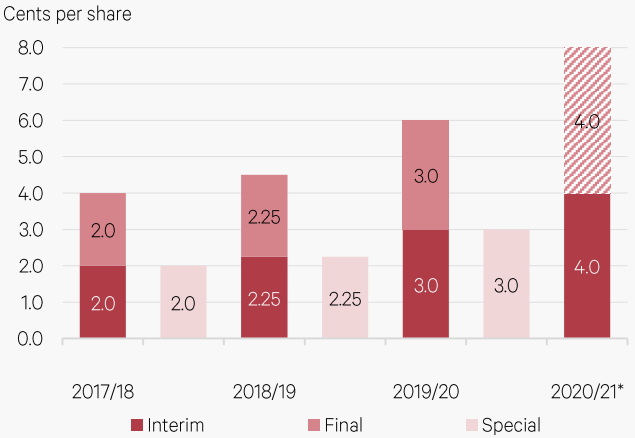
8.0c

#Based on the 30 July 2021 share price of $1.82 per share. WAM Microcap has 207,247,850 shares on issue.
^Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends



*Annualised interim dividend

Top 20 holdings (in alphabetical order)

AHX	ALG	AMS	AVG	BFC	CAJ	DSK	EGG	KED	PPE
PPS	PWR	RKN	SLA	SLH	SWM	THL NZ	TUA	VGL	VRT

W | A | M *Alternative Assets*

Unique opportunities beyond traditional assets

In July, the WAM Alternative Assets investment portfolio received initial coverage from Independent Investment Research (IIR), noting Portfolio Manager Dania Zinurova's significant experience in the alternative assets sector, the investment portfolio's uncorrelated exposure to equity markets and low volatility, and well-aligned interests with the Investment Manager.

During the month, our investment partner Argyle Capital successfully completed the sale of the underlying asset in its Agriculture Fund II, an irrigated citrus orchard near Hillston in New South Wales that had been owned and redeveloped since late 2015. Argyle's investment team conducted a sales process involving several well credentialled buyers and assessed that an exit in the current market environment would achieve a superior result for its investors than to continue to hold the asset. The initial exit proceeds, received in August, will provide additional capital to deploy as we continue to implement our revitalisation strategy for the investment portfolio.

The investment portfolio also benefitted from the strong performance from Go1, a Brisbane-based online learning and education company, which is managed by our investment partner January Capital. Go1 recently closed a USD200 million funding round, a deal which values Go1 at greater than USD1 billion. Funded by venture capital, Go1 is an investment that provides exposure to high growth potential in the private market and is an example of the tailwinds in mega trends such as digitalisation.

Personal use only

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
July 2021	117.24c^	117.19c	114.70c
June 2021	116.62c	116.25c	113.96c

^The July 2021 NTA before tax is after the provision for tax of $706k (0.36 cents per share) for the 2021 financial year.

Market capitalisation (ASX: WMA)

$205.6m*

Gross assets

$227.7m

Share Price

$1.06

Pre-tax net tangible assets

$1.17

*Based on 193,932,860 shares on issue..

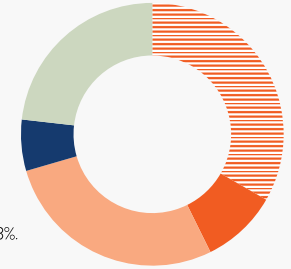
About WAM Alternative Assets

WAM Alternative Assets provides retail investors with exposure to a portfolio of real assets, private equity, real estate and aims to expand into new asset classes such as private debt and infrastructure. The Company's investment objectives are to consistently deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

Date of transition from BAF to WMA

14 October 2020

Asset class exposure



*Total water entitlements exposure is 33.3%.
#Total capital commitments are 16.5%.

	Current value ($m)		+/- Prior month	
Portfolio structure	**$m**	**%**	**$m**	**%**
Real assets	97.3	42.7	1.5	1.6
Private equity	63.2	27.8	0.1	0.2
Real estate	14.3	6.3	-	-
Cash^	52.8	23.2	0.2	0.4
Grand total	**227.6**	**100.0**	**1.8**	**0.8**

^Includes capital commitments to the Palisade Diversified Infrastructure Fund ($15.0m); the Barwon Institutional Healthcare Property Fund ($15.0m); the Adamantem Fund 2 ($6.3m) and the Strategic Australian Agriculture Fund ($1.3m)..

Real assets

A diversified portfolio combining agricultural assets and investments in perpetual water entitlements which can be sold or leased to irrigators to generate income.

Private equity

A diversified portfolio of unlisted companies with long-term and accelerated growth potential.

Real estate

A portfolio of domestic and international industrial and office assets.

Top holdings

Real assets

Water Fund

Pioneer and leading non-irrigator water investor in Australia

Strategic Australian Agriculture Fund

Investing across Australian water entitlements, Australian farmland and associated businesses and Australian agricultural infrastructure

Private equity

A manufacturer of premium condiments, desserts and beverages

A provider of outsourced e-commerce solutions in South-East Asia

Shopping centre advertising campaigns

A leading developer of utility-scale battery energy storage projects in the US

Owns and operates a portfolio of hotels in Australia

Food services distributor

Real estate



2 Rector Street, Manhattan, New York

Revesby Industrial Income Fund, New South Wales

New Investment Partners

Mid-market private equity firm

Specialist infrastructure fund manager

Boutique real estate fund manager

W | A | M *Strategic Value*

Discounted asset opportunities.

The WAM Strategic Value investment portfolio increased in July, with contributors to the investment portfolio performance including the Magellan High Conviction Trust (ASX: MHH) and Pengana International Equities (ASX: PIA).

The Magellan High Conviction Trust, a listed investment trust (LIT), comprises a concentrated portfolio invested in eight to 12 global stocks. Following WAM Strategic Value's initial public offering we began investing in the Magellan High Conviction Trust at an approximate 12% share price discount to its underlying net tangible asset (NTA) value. Through this investment, the WAR investment portfolio gains access to Magellan as a high quality investment manager with significant brand recognition, a strong organisational structure and a loyal investor base. In July, Magellan announced the intention to transition the structure of the High Conviction Trust from a closed-end LIT to an open-ended Active Exchange Traded Fund (ETF), subject to regulatory and unitholder approvals. If implemented, unitholders will be able to trade units on the ASX at a value that more closely reflects the NTA, with additional flexibility in entering and exiting the Trust via applications and redemptions directly with Magellan through its unit registry. Magellan CEO Brett Cairns stated the benefits for unitholders of reducing the share price discount to NTA outweigh the value of the vehicle remaining a closed-end structure. While we are supportive of Magellan's initiatives to close the share price discount to NTA, the move away from a closed-ended structure is contrary to our view and experience as an investment manager, and we continue to prefer the LIC and LIT structures for investors and the industry.

Pengana International Equities is a listed investment company providing an actively managed portfolio of global companies. Pengana'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. Recently, the company received a 'Recommended' rating 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 previous quarter. The Pengana 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 a 8.7% increase in the company's share price in July and the narrowing of the company's share price discount to NTA.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains	NTA after tax
July 2021	128.58c	129.28c	127.45c
June 2021	127.47c	128.08c	126.67c

Market capitalisation (ASX: WAR)
$234.0m*

Gross Assets
$231.6m^

Share price
$1.30

Pre-tax net tangible assets
$1.29

Cash weighting
25.9%

IPO price
$1.25

*Based on 180,000,001 shares on issue.
^Gross assets exclude the $2.3m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

About WAM Strategic Value

WAM Strategic Value will take advantage of market mispricing opportunities, including securities trading at discounts to assets or net tangible assets, corporate transactions and dividend yield arbitrages. WAM Strategic Value aims to deliver strong risk-adjusted returns derived from a portfolio primarily composed of discounted asset opportunities selected using the proven market-driven investment process we have developed over more than two decades.

Date of listing on the ASX

28 June 2021

Top holdings (in alphabetical order)

Antipodes	AUI	IRONBARK CAPITAL	LSF	MAGELLAN	NAOS ASSET MANAGEMENT	OZGROWTH	PM Capital
APL	AUI	IBC	LSF	MHH	NSC	OZG	PGF
PENGANA CAPITAL	QV Equities Ltd.	Spheria	TEK	TGG	VGI PARTNERS Global Investments	WHITEFIELD	WESTOZ
PIA	QVE	SEC	TEK	TGG	VG1	WHF	WIC

Powered by Morningstar

W | A | M *Active*

Market mispricing opportunities in the Australian market.

The WAM Active investment portfolio increased during the month, with significant contributors to the investment portfolio performance including online furniture and homewares store Temple & Webster Group (ASX: TPW) and almond producer Select Harvests (ASX: SHV).

Temple & Webster Group is an Australian online retailer for furniture and homewares that is capitalising on the tailwinds in e-commerce and the increasing penetration of online retail for furniture and homewares in Australia. In July, the company announced that full-year revenue had increased 85% with earnings before interest, depreciation and amortisation of $20.5 million. We were pleased with the company's performance in the June quarter with revenue growth beating analysts' expectations, during a period where the economy and physical retail stores were reopening. This suggests that the company's penetration within the furniture and homewares sector in Australia is increasing and given the current lockdowns experienced in Sydney and Melbourne, we expect a strong period of revenue growth for the company to start the new financial year.

Select Harvests is a leading almond producer, as one of the largest growers in Australia. The company has benefited from considerable growth in Australian almond production and consumption in the last 10 years, with Australia becoming the second-biggest producer of almonds globally after the United States. In a July market update, the company reported continued growth in demand for almonds, with Australian almond exports up 67% on the prior period. The company also confirmed that market pricing had increased, with a downgrade in the United States 2021 crop harvest driving an increase in the overall market price for almonds by $0.50/kg to $6.75-$7.25/kg. We believe that almond prices are set to stage a multi-year recovery, which will benefit Select Harvests given its increased acreage following the Piangil Orchard acquisition in October 2020.

Net Tangible Assets (NTA) per share

	NTA before tax	NTA after tax and before tax on unrealised gains*	NTA after tax*
July 2021	101.82c^	104.54c	104.54c
June 2021	101.84c	104.43c	104.42c

^The July 2021 NTA before tax is after the provision for tax of $139k (0.19 cents per share) for the 2021 financial year.
*Includes 2.65 cents per share of income tax losses available to the Company in future periods.
The above July NTA figures are not adjusted for the 67,394,268 options on issue with an exercise price of $1.10 per option.

Market capitalisation (ASX: WAA)

$76.8m#

Gross assets

$76.8m

Listed equities

$67.7m

Investment portfolio performance (pa since inception Jan 2008)

12.1%^

Bloomberg AusBond Bank Bill Index (Cash): 2.9%

Dividends paid since inception (per share)

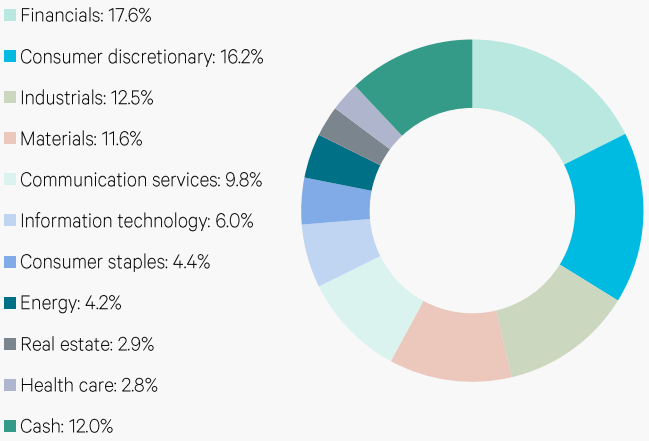
77.7c

Annualised fully franked interim dividend yield

5.7%#

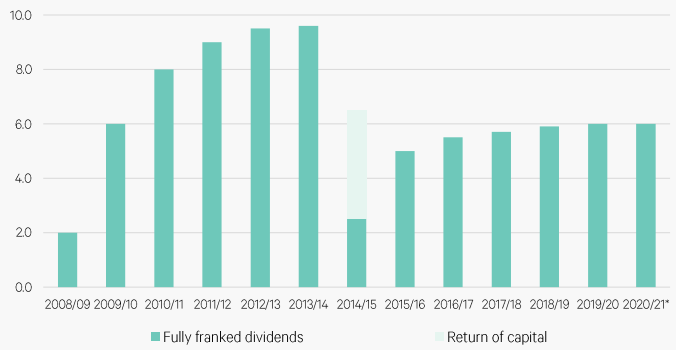
#Based on the 30 July 2021 share price of $1.05 per share and the annualised FY21 fully franked interim dividend of 6.0 cents per share. WAM Active has 73,186,218 shares on issue. During the month, 12,952 options were exercised and allotted under the Bonus Issue of Options announced on 24 February 2021.
^Investment portfolio performance is before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

Portfolio by sector



History of fully franked dividends

Cents per share



*Annualised interim dividend

Top 20 holdings (in alphabetical order)

360	ABC	ALL	ALQ	BRG	CAR	CIA	CIM	CTD	DOW
KBC	NWS	PGH	PXA	RWC	SDF	SHV	TPW	TYR	VUK

Disclosure Only