

WAM CAPITAL LIMITED

ABN 34 086 587 395

Appendix 4E Preliminary Final Report for the year ended 30 June 2021

Results for Announcement to the Market

All comparisons to the year ended 30 June 2020

	\$	up/down	% mvmt
Revenue from ordinary activities	379,570,270	up	1,472.0%
Profit from ordinary activities before income tax expense	343,342,800	up	826.7%
Net profit from ordinary activities after income tax expense	266,615,114	up	1,098.3%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2021 Final dividend cents per share	7.75c	7.75c	30%
2021 Interim dividend cents per share	7.75c	7.75c	30%

Final dividend dates

Ex dividend date	18 October 2021
Record date	19 October 2021
Last election date for the DRP	21 October 2021
Payment date	29 October 2021

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ("DRP") is in operation and the recommended fully 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 at a 2.5% discount to the price, calculated as the VWAP (volume weighted average market price) of shares sold on the ASX on the ex date for the relevant dividend and the three trading days following that date.

	30 Jun 21	30 Jun 20
Net tangible asset backing (after tax) per share	\$1.93	\$1.68

This report is based on the Annual Report which has been audited by Pitcher Partners. The audit report is included with the Company's Annual Report which accompanies this Appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.

W | A | M *Capital*

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A N N U A L
R E P O R T

 **Wilson**
Asset Management

OVER **20** YEARS Making a
difference

WAM Capital Limited

WAM Capital Limited (WAM Capital or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Wilson Asset Management

Directors

Geoff Wilson AO (Chairman)
Dr. Philippa Ryan
James Chirnside
Lindsay Mann
Matthew Pancino
Kate Thorley

Joint Company Secretaries

Jesse Hamilton
Linda Kiriczenko

Investment Manager

Wilson Asset Management
(International) Pty Limited
Level 26, Governor Phillip Tower
1 Farrer Place Sydney NSW 2000

Country of Incorporation

Australia

Registered Office

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1 Farrer Place Sydney NSW 2000

Contact Details

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Share Registry

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Sydney NSW 2000

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+61 2 8023 5472 (International)

F (02) 9279 0664

For enquiries relating to
shareholdings, dividends (including
participation in the dividend
reinvestment plan) and related
matters, please contact the share
registry.

Australian Securities Exchange

WAM Capital Limited
Ordinary Shares (WAM)

Auditor

Pitcher Partners



Shareholder Presentations November 2021

Due to the ongoing health concerns as a result of the coronavirus pandemic, WAM Vault will replace our Shareholder Presentations. Further information will be provided at wilsonassetmanagement.com.au/vault.

W | A | M Vault

FY2021 highlights

\$343.3m +37.5%

record operating profit
before tax

+37.5%

investment portfolio
performance

+28.9%

total shareholder return

7.1%

fully franked
dividend yield

30 June 2021 snapshot

Listing date	August 1999
Gross assets	\$1,682.2m
Market capitalisation	\$1,923.5m
Share price	\$2.19
Shares on issue	878,319,194
Net tangible assets (pre-tax)	\$1.89
Net tangible assets (post-tax)	\$1.93
FY2021 fully franked dividends	15.5 cents
FY2021 fully franked dividend yield	7.1%
FY2021 fully franked grossed-up dividend yield	10.1%

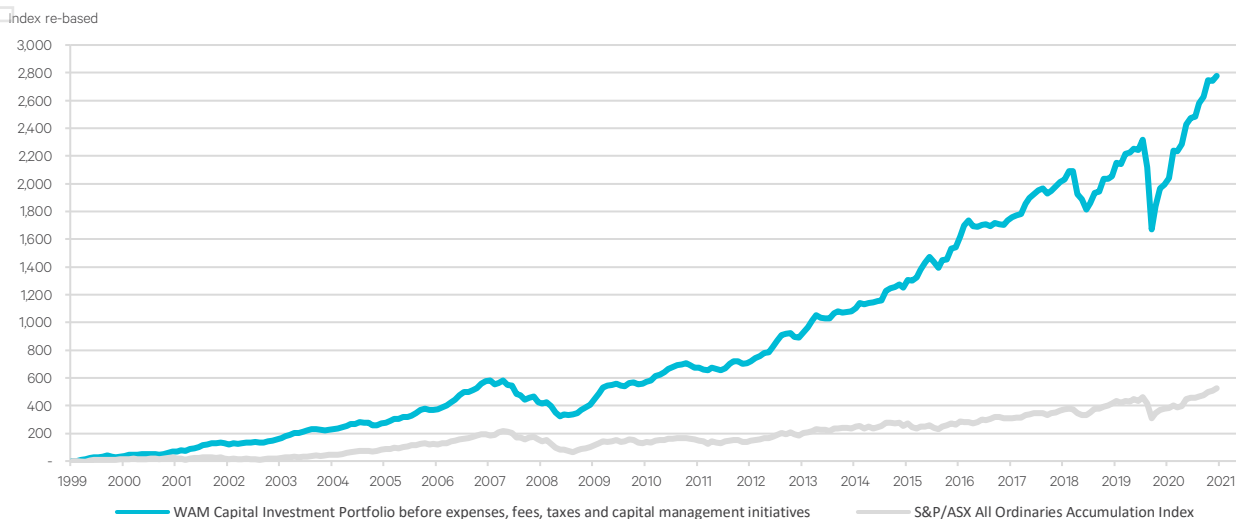
FY2021 results

WAM Capital reported a record operating profit before tax of \$343.3 million for the year (FY2020: operating loss before tax of \$47.2 million) and a record operating profit after tax of \$266.6 million (FY2020: operating loss after tax of \$26.7 million), reflective of the strong performance of the investment portfolio over the year.

The investment portfolio increased 37.5% during the 12-month period to 30 June 2021, outperforming the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index by 7.3% and 4.3% respectively. This investment portfolio performance was achieved with an average cash weighting of 9.9%.

The Board declared a fully franked full year dividend of 15.5 cents per share, with the fully franked final dividend being 7.75 cents per share. Since inception, the Company has paid 261.75 cents per share in fully franked dividends to shareholders.

WAM Capital's investment portfolio has returned 16.6% p.a. over 22 years outperforming the market by 7.9% p.a.



Contents

Chairman's letter	5
Lead Portfolio Manager update	12
Investment Manager update	14
Objectives and investment process	17
Directors' Report to shareholders	18
Auditor's Independence Declaration	29
Statement of comprehensive income	30
Statement of financial position	31
Statement of changes in equity	32
Statement of cash flows	33
Notes to the financial statements	34
Directors' Declaration	55
Independent Auditor's Report	56
Investments at fair value	61
ASX additional information	63

Letter from the Chairman

Geoff Wilson AO



Dear Fellow Shareholders,

Thank you for your support in what has been an extremely challenging period. Pleasingly, WAM Capital has again delivered sound investment portfolio performance and solid total shareholder returns during the year. I would like to thank our more than 43,000 shareholders who entrust us with their capital.

WAM Capital reported a record operating profit before tax of \$343.3 million (FY2020: operating loss before tax of \$47.2 million) and a record operating profit after tax of \$266.6 million (FY2020: operating loss after tax of \$26.7 million), reflective of the strong performance of the investment portfolio over the year.

The WAM Capital investment portfolio increased 37.5% in FY2021, outperforming the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index by 7.3% and 4.3% respectively. This outperformance was achieved with an average cash weighting of 9.9% over the year.

WAM Capital's diligent and proven investment approach, which focuses on identifying undervalued growth companies with a catalyst, has led to strong investment portfolio outperformance since inception in August 1999. WAM Capital has achieved an investment portfolio return of 16.6% per annum since inception, outperforming the S&P/ASX All Ordinaries Accumulation Index by 7.9% per annum.

The Board declared a fully franked full year dividend of 15.5 cents per share, with the fully franked final dividend being 7.75 cents per share. Since inception, WAM Capital has paid 261.75 cents per share in fully franked dividends to shareholders. As at 31 July 2021, the Company had 21.8 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 7.75 cents per share.

As a fellow WAM Capital shareholder, I thank Lead Portfolio Manager Oscar Oberg, Portfolio Manager Tobias Yao, Senior Equity Analyst Shaun Weick, Equity Analyst Sam Koch, and the broader Wilson Asset Management investment team, for their diligence, rigour and commitment. The team has again delivered strong, risk-adjusted returns for shareholders.

**15.5 cents
per share**

FY2021 fully franked
full year dividend

**7.75 cents
per share**

FY2021 fully franked
final dividend

**7.1%
fully
franked
dividend
yield**

on the 30 June 2021
share price

Company performance

Over four decades of investing, I have found three key measures crucial to the evaluation of a listed investment company's (LIC) performance: investment portfolio performance, net tangible asset growth and total shareholder return.

1) Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees, taxes and capital management initiatives. A key objective of WAM Capital is long-term outperformance against the S&P/ASX All Ordinaries Accumulation Index, which is achieved by growing the investment portfolio at a greater rate. The S&P/ASX All Ordinaries Accumulation Index is measured before expenses, fees and taxes and is a like-for-like measure and reflects the portfolio manager's ability to manage the portfolio, regardless of capital management decisions made by the Board.

FY2021 investment
portfolio
performance

+37.5%

Performance at 30 June 2021	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	10 yrs %pa	Since inception % pa (Aug-99)
WAM Capital Investment Portfolio	37.5%	10.9%	11.9%	13.6%	14.0%	16.6%
S&P/ASX All Ordinaries Accumulation Index	30.2%	10.3%	11.5%	9.3%	9.4%	8.7%
Outperformance	+7.3%	+0.6%	+0.4%	+4.3%	+4.6%	+7.9%

Investment portfolio performance is before expenses, fees, taxes and capital management initiatives to compare to the relevant index which is before expenses, fees and taxes.

WAM Capital's investment portfolio increased 37.5% in the year to 30 June 2021, while holding on average 9.9% of the investment portfolio in cash.

Set out below is the performance of WAM Capital since listing, on a financial year basis. The performance data excludes all expenses, fees, taxes and capital management initiatives, and is used as a guide to show how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index over the same period.

Financial year	WAM Capital Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
1999/2000	33.3%	11.3%	+22.0%
2000/2001	30.2%	8.9%	+21.3%
2001/2002	32.7%	-4.5%	+37.2%
2002/2003	12.3%	-1.1%	+13.4%
2003/2004	27.3%	22.4%	+4.9%
2004/2005	13.9%	24.8%	-10.9%
2005/2006	27.4%	24.2%	+3.2%
2006/2007	44.1%	30.3%	+13.8%
2007/2008	-23.0%	-12.1%	-10.9%
2008/2009	-3.2%	-22.1%	+18.9%
2009/2010	29.8%	13.8%	+16.0%
2010/2011	17.9%	12.2%	+5.7%
2011/2012	4.2%	-7.0%	+11.2%
2012/2013	22.7%	20.7%	+2.0%
2013/2014	19.2%	17.6%	+1.6%
2014/2015	14.7%	5.7%	+9.0%
2015/2016	21.6%	2.0%	+19.6%
2016/2017	11.7%	13.1%	-1.4%
2017/2018	15.0%	13.7%	+1.3%
2018/2019	2.0%	11.0%	-9.0%
2019/2020	-2.8%	-7.2%	+4.4%
2020/2021	37.5%	30.2%	+7.3%

2) Net tangible asset (NTA) growth

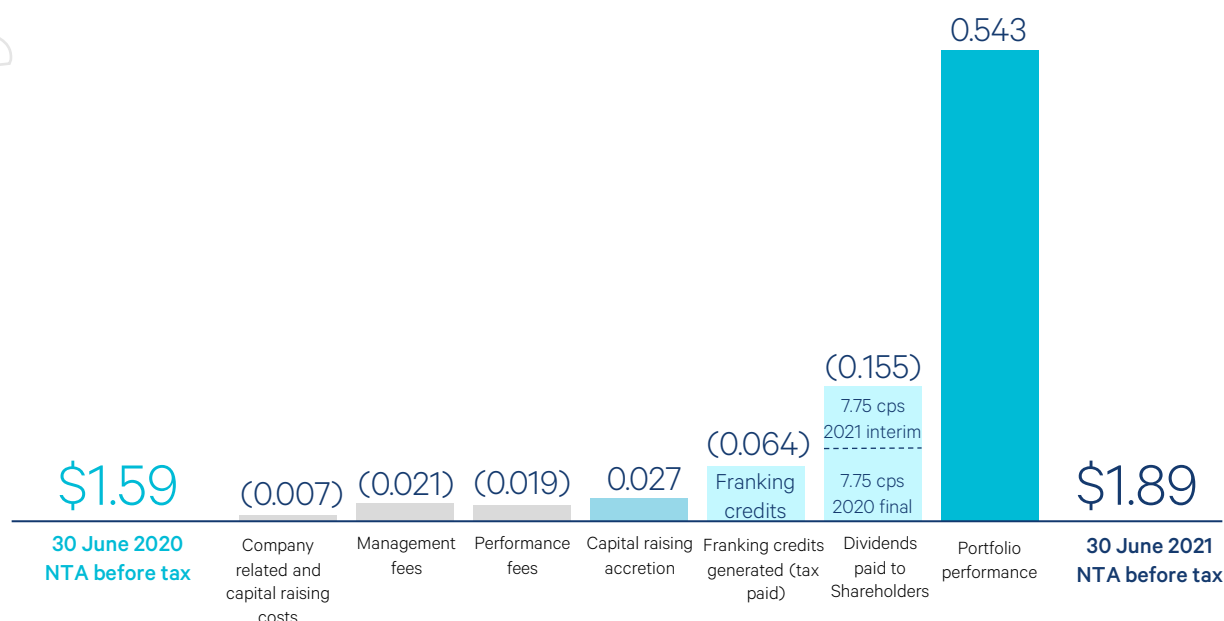
NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees). The NTA represents the realisable value of the Company and is provided to shareholders and announced on the ASX each month.

FY2021 NTA
growth

+29.5%

WAM Capital's pre-tax NTA increased 29.5% in the 12 months to 30 June 2021, including the 15.5 cents per share of fully franked dividends paid to shareholders during the year. Adjusted for capital management initiatives, including acquisitions during the year, the relative pre-tax NTA of the Company increased 32.3%. This increase is after 6.4 cents per share of corporate tax paid during the year. The 4.0% in corporate tax payments made throughout the period was the major item of difference between the investment portfolio performance increase of 37.5% and the adjusted NTA performance of 32.3%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the year were management fees of 1.3%, performance fees of 1.2%, other company related and capital raising expenses of 0.4%, being offset by capital management accretion of 1.7% from the Company's takeover offers.

WAM Capital pre-tax NTA performance



3) Total shareholder return (TSR)

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends.

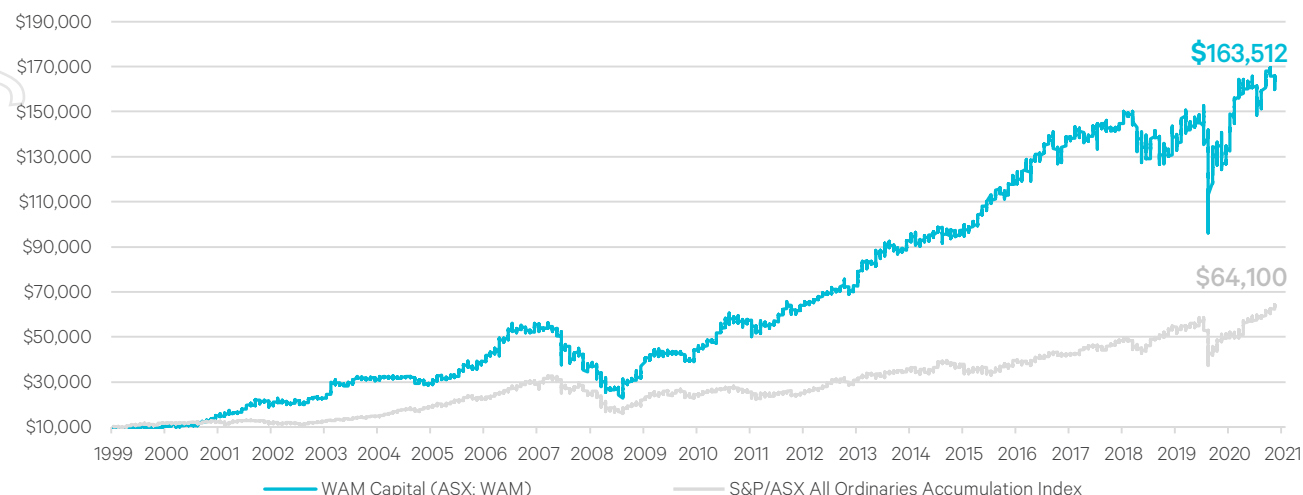
FY2021 TSR

+28.9%

This measure shows the tangible return to shareholders, being the change in the share price together with dividends paid, assuming their reinvestment. The strong investment portfolio outperformance drove a growth in assets which, combined with the fully franked dividends paid during the period and the slight increase in the share price premium to NTA, resulted in a 28.9% total shareholder return for shareholders during the 12-month period to 30 June 2021. As at 30 June 2021, the share price premium to NTA was 15.7% (FY2020: 14.5%).

Growth of a \$10,000 investment since inception

Notes:



1. The above graph reflects the period from inception in August 1999 to 30 June 2021.
2. WAM Capital's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Capital portfolio.

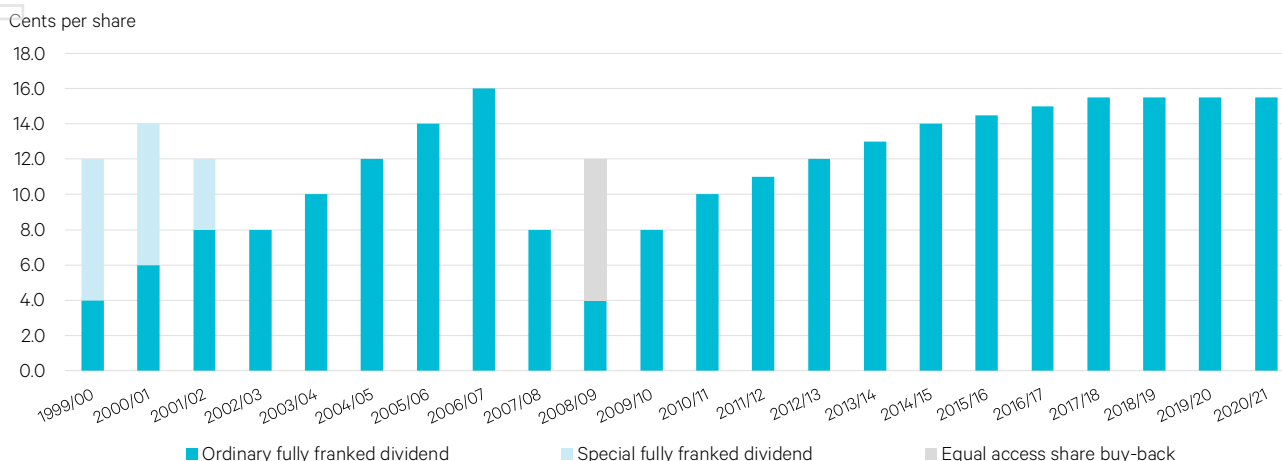
Dividends

The Board declared a fully franked final dividend of 7.75 cents per share, bringing the fully franked full year dividend to 15.5 cents per share. Since inception, the Company has paid 261.75 cents per share in fully franked dividends to shareholders.

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. As at 31 July 2021, the Company had 21.8 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 7.75 cents per share. The Company's ability to generate franking credits is dependent upon the payment of tax on profits and the quantum of fully franked dividends received from investee companies.

Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders at a 2.5% discount for the final dividend.

WAM Capital dividends since inception



Capital management

The Company continued to grow during the year, increasing shareholders' equity by 38.9% to \$1,697.2 million and total shareholder numbers by 19.3% to 43,118. This growth was achieved through the performance of the investment portfolio and the capital management initiatives throughout the year.

Takeover offers

CLF Concentrated Leaders Fund Limited (ASX: CLF)	Contango Income Generator Limited (ASX: CIE)	amaysim Australia Limited (ASX: AYS)
% OF SHARES ACQUIRED	% OF SHARES ACQUIRED	% OF SHARES ACQUIRED
100.0%	69.7%	79.8%
ANNUALISED RETURN ON INVESTMENT	ANNUALISED RETURN ON INVESTMENT	ANNUALISED RETURN ON INVESTMENT
48.1%	49.7%	19.9%

During the year, the Company successfully completed takeover offers for Concentrated Leaders Fund Limited (ASX: CLF), Contango Income Generator Limited (ASX: CIE) and amaysim Australia Limited (ASX: AYS).

WAM Capital's takeover offer for CLF opened on 18 September 2020. On 31 December 2020, the offer consideration was increased from 2 WAM Capital Shares for every 3.7 CLF Shares to 2 WAM Capital Shares for every 3.5 CLF Shares and the independent board committee of CLF unanimously recommended that CLF shareholders accept the WAM Capital offer. The offer closed on 26 March 2021 with WAM Capital receiving acceptances for 91.6% of the shares on issue in CLF. The Company subsequently proceeded with the compulsory acquisition of the remaining CLF shares that it did not own. As a result, WAM Capital successfully acquired 100.0% of the shares in CLF, which was delisted from the ASX on 20 April 2021.

WAM Capital's takeover offer for CIE opened on 13 October 2020 and closed on 13 November 2020. WAM Capital acquired 69.7% of CIE through the takeover offer. On 15 January 2021, CIE announced a selective buy-back of the WAM Capital holding, enabling WAM Capital to exit the position at the pre-tax NTA backing per share of CIE, less transaction costs. On 14 July 2021, CIE shareholders approved the selective buy-back at the extraordinary general meeting. These proceeds have been received and WAM Capital has since exited the position in July 2021.

On 15 December 2020, WAM Capital announced a bid implementation agreement with AYS in relation to WAM Capital's off-market takeover offer to acquire all of the ordinary shares of AYS. The offer was subject to the sale of AYS's mobile business to Optus Mobile Pty Limited which was approved at the AYS extraordinary general meeting on 21 January 2021. The AYS business, following the mobile business sale, was largely represented by the underlying cash distribution available to AYS shareholders, including a fully franked component of the distribution of approximately \$80.7 million. The offer opened on 2 February 2021 and closed on 30 March 2021. WAM Capital acquired 79.8% of AYS which was delisted from the ASX on 6 April 2021.

WAM Capital was able to acquire AYS at a discount to the residual cash distribution in the business as a result of the new shares issued at a premium to WAM Capital's pre-tax NTA, representing an average annualised return of approximately 19.9% on the investment. WAM Capital received two distributions during the financial year; \$0.50 per AYS share in April 2021 and \$0.17 per AYS share in May 2021. On 5 July 2021, AYS shareholders approved, at an extraordinary general meeting, the voluntary wind up of AYS. We expect the final distribution of \$0.03 per AYS share to be received in October 2021.

As a result of the CLF, CIE and AYS takeover offers, 145.1 million new WAM Capital shares were issued during the year. The shares were issued at a premium to the Company's pre-tax NTA to the benefit of all shareholders. The issue of new shares was accretive to the Company's pre-tax NTA by approximately 1.7% and generated over \$23.2 million in value for WAM Capital shareholders as a result.

Transfer of assets to WAM Strategic Value Limited

On 28 June 2021, WAM Strategic Value Limited (ASX: WAR) commenced trading on the ASX. WAM Strategic Value purchased a portfolio of LICs and LITs held by the Wilson Asset Management Group, including WAM Capital, under a deed dated 7 May 2021. The deed and the terms of the purchases were outlined in Section 10.3 of WAM Strategic Value's Prospectus.

We encourage you to visit our website, subscribe to receive our updates and to call or email us with any questions or suggestions you have regarding WAM Capital or Wilson Asset Management. Please contact myself or our Head of Corporate Affairs, James McNamara, on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au. We hope to meet with you again as soon as it is safe to do so.

Thank you for your continued support and keep safe.



Geoff Wilson AO
Chairman

Lead Portfolio Manager update

Oscar Oberg



Dear Fellow Shareholders,

Equity markets continued their upward trajectory during the 2021 financial year alongside a rebound in economic growth.

Investors oscillated between lockdown beneficiaries and the reopening trade during the financial year, and Australian small-and-mid cap companies experienced the rare challenges and historic opportunities of a setting characterised by global crisis and recovery. The macroeconomic environment, especially central banks' monetary policy, was in sharp focus for markets and we expect this to continue. We adjusted the portfolio to take advantage of these conditions, rotating towards cyclical names benefitting from strong levels of consumer sentiment including in tourism, traditional media, financials, and construction. We also increased our holdings in companies with significant offshore exposure to countries most impacted by the pandemic, to capitalise on high inoculation rates and a reopening of economies.

We were pleased to deliver strong investment portfolio performance during the year of 37.5%, outperforming the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index by 7.3% and 4.3% respectively, with an average cash holding of 9.9%. As we enter FY2022, we have positioned the portfolio into companies that can generate strong top line organic growth irrespective of the outlook for the coronavirus pandemic. We are positive on medium-term economic and earnings outlooks, despite the headwinds of new variants, supported by encouraging signals such as a sharp rise in Australian vaccination rates. Our long-standing methodology of investing in companies that are undervalued relative to their peers, with a clear catalyst for a share price re-rating, remains the central tenet of our process.

Thank you for your continued support.

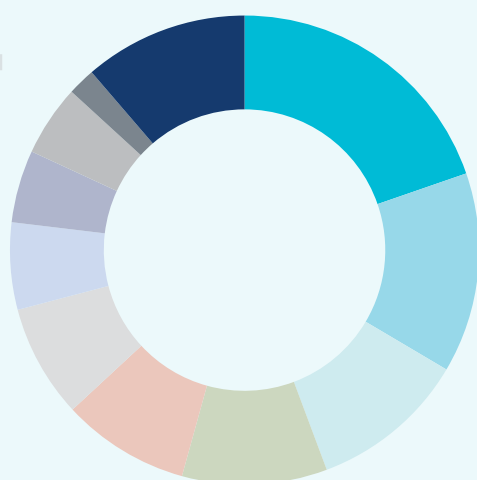
Oscar Oberg CFA
Lead Portfolio Manager

WAM Capital top holdings

as at 30 June 2021

Code	Company	Portfolio
Research driven holdings		
VEA	Viva Energy Group Limited	3.0%
CDA	Codan Limited	2.6%
SLK	SeaLink Travel Group Limited	2.2%
BGA	Bega Cheese Limited	2.1%
PDL	Pendal Group Limited	2.1%
UMG	United Malt Group Limited	2.1%
MGH	MAAS Group Holdings Limited	2.1%
SVW	Seven Group Holdings Limited	2.1%
LOV	Lovisa Holdings Limited	1.7%
EVT	EVENT Hospitality & Entertainment Limited	1.6%
Market driven holdings		
VUK	Virgin Money UK PLC	2.3%
PGH	Pact Group Holdings Limited	2.1%
NWS	News Corporation	1.6%
PXA	PEXA Group Limited	1.6%
ALL	Aristocrat Leisure Limited	1.4%
ABC	Adbri Limited	1.2%
DOW	Downer EDI Limited	1.2%
DTL	Data#3 Limited	1.2%
ALQ	ALS Limited	1.1%
SWM	Seven West Media Limited	1.1%

Portfolio by sector



- Consumer discretionary: 19.7%
- Industrials: 13.8%
- Materials: 10.8%
- Financials: 10.0%
- Consumer staples: 8.8%
- Communication services: 7.8%
- Information technology: 6.0%
- Health care: 5.0%
- Energy: 4.9%
- Real estate: 1.9%
- Cash: 11.3%*

*Cash includes the investment in CIE (3.9%).

Investment Manager update

Wilson Asset Management Chief Executive Officer
and WAM Capital Director Kate Thorley



Dear Fellow Shareholders,

As the Chief Executive Officer of Wilson Asset Management, I want to thank our fellow shareholders for their support and loyalty throughout the financial year. WAM Capital (ASX: WAM) is your company and I am pleased to share some exciting updates and insights from the year with you.

I extend my sincere thanks to Lead Portfolio Manager Oscar Oberg, Portfolio Manager Tobias Yao, Senior Equity Analyst Shaun Weick and Equity Analyst Sam Koch, who contribute immensely to our team and culture. We are fortunate to have them in the Wilson Asset Management Family.

Wilson Asset Management prides itself on being a dedicated, high-performing business, committed to best serving our shareholders. During the year, we promoted several team members in recognition of the exceptional quality of their work, including: Nick Healy to Portfolio Manager; Shaun Weick to Senior Equity Analyst; Cooper Rogers to Senior Equities Dealer; Ophelia Lam to Finance Manager; Huseyin Dervish and Lillie Johnson to Finance Team Leaders; Andrew Finch to Senior Investment Operations Administrator; and Isabel Mills to Assistant Financial Accountant.

Our team continues to grow and we were pleased to welcome several new additions to the Wilson Asset Management Family, including in our Investment, Corporate Affairs, Finance and Operations teams.

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 an investment manager, Wilson Asset Management invests over \$5 billion on behalf of more than 110,000 retail investors.

Wilson Asset Management is proud to be the Investment Manager for WAM Capital, together with seven other listed investment companies (LICs): 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).

We are passionate about making a positive difference to our shareholders and the community. In the 2021 financial year, the team made a difference through philanthropy, advocacy, and shareholder engagement.

Philanthropy

Wilson Asset Management created and is the lead supporter of Australia's first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Since listing in 2014 and 2015, the companies have supported young Australians who are at-risk or experiencing mental ill-health.

Wilson Asset Management is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.

We are honoured to provide support to Olympic athletes, through managing over \$9 million for the Australian Olympic Committee (AOC) on a pro bono basis. The AOC provides crucial financial and institutional support to Australian athletes to compete at an Olympic level. All fees are foregone by the Investment Manager.

Wilson Asset Management is proud to be a founding donor of the Indigenous Residential College being built by the University of Technology Sydney (UTS). The first of its kind in Australia, the college is a product of deep and continuing consultation with local and national communities. Importantly the college is Indigenous designed and led, creating a culturally embedded and collaborative space which will support Indigenous students to become the next generation of global change makers, policy makers and community leaders.

The team at Wilson Asset Management is proud to have supported the film *In My Blood It Runs*, which depicts 10-year-old Djuwan Hoosan's struggles with identity, education and the youth justice system in the Northern Territory. As a result of this important film, Djuwan became the youngest person to ever address the United Nations Human Rights Council calling for the need to raise the age of criminal responsibility in Australia and to highlight the critical need for Aboriginal-led education models.

Advocacy

Our advocacy work on behalf of retail investors in the Australian equity market is an utmost priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market. On 11 December 2020, we lodged a submission to the Senate Select Committee, in an effort to stop retail investors being locked out of discounted capital raisings, which are only open to wholesale investors.

We also participated in the public debate and formal consultation about permanently removing the requirement for annual general meetings (AGMs) to be conducted in person. We are firmly opposed to this change as it would undermine AGM transparency and board accountability, primarily impacting retail shareholders. I would like to thank all shareholders for their support in advocating for retail shareholders' rights and for your emails, letters and phone calls sharing your personal stories. We were pleased to see Federal Treasurer Josh Frydenberg endorse our preferred hybrid model for AGMs, ensuring the requirement for AGMs to be conducted in person and virtually. We look forward to holding our AGMs in person when it is safe to do so.

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We supported the University of New South Wales' School of Mathematics and Statistics' *Girls Do The Maths* program, which aims to inspire girls in high school to consider tertiary studies and careers in mathematics and statistics. We believe in the importance of gender diversity in the financial services industry, in particular funds management, which provide rewarding career paths.

Shareholder engagement and communication

Shareholders are the owners of WAM Capital; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. This year, we were once again unable to take to the road and meet with our shareholders across the country and we have missed catching up with you all, over a cup of tea, at our Shareholder Presentations. We have enjoyed our daily email and telephone correspondence, regular Investor Q&A webinars and providing you with a virtual alternative in WAM Vault. Our third instalment, *The Return of Fundamentals*, was released on 8 June 2021. If you have not yet done so, we encourage you to visit

wilsonassetmanagement.com.au/vault to watch, read and listen to the engaging and insightful conversations.

We encourage all shareholders to engage with us in a way that best suits them, with a variety of options available to keep informed on our investment insights and updates. Our approach includes:

- ✓ Updates from our Lead Portfolio Managers
- ✓ Investment team insights at WAM Vault: wilsonassetmanagement.com.au/vault
- ✓ Roundtables with our shareholders and planners, advisers and their clients
- ✓ NTA reports and investment updates
- ✓ Shareholder Q&A calls and webinars
- ✓ Social media engagement
- ✓ Investor education material
- ✓ Presentations and lunches across Australia
- ✓ Annual and interim results announcements

As always, please reach out to us by phone on (02) 9247 6755 or by email at info@wilsonassetmanagement.com.au if you ever have any questions or feedback.

Thank you for your continued support.



Kate Thorley
Chief Executive Officer

Objectives and investment process

Investment objectives

The investment objectives of WAM Capital are to:

- deliver investors a stream of fully franked dividends;
- provide capital growth; and
- preserve capital of the Company.

Investment process – the most compelling undervalued growth companies in the Australian market

WAM Capital provides investors with access to Wilson Asset Management's two distinctive processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

Research-driven investing

The research-driven investment process identifies undervalued growth companies through diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this proprietary process, the investment team will only ever invest in a security once it can identify a catalyst or event that it expects will change the market's valuation of the company.



Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spinoffs and restructures), arbitrage opportunities, LIC discount arbitrages, short selling and trading market themes and trends.

Directors' Report to shareholders for the year ended 30 June 2021

The Directors present their report together with the financial report of WAM Capital for the financial year ended 30 June 2021.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital. No change in this activity took place during the year or is likely to in the future.

Operating and financial review

Investment operations over the year resulted in a record operating profit before tax of \$343,342,800 (2020: operating loss before tax of \$47,249,039) and a record operating profit after tax of \$266,615,114 (2020: operating loss after tax of \$26,706,967). The operating profit for 2021 was reflective of the strong performance of the investment portfolio over the period. The investment portfolio increased 37.5%, outperforming the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Ordinaries Accumulation Index by 7.3% and 4.3% respectively. This investment portfolio outperformance was achieved with an average cash weighting of 9.9%.

The operating profit for the year includes unrealised gains or losses arising from changes in the fair value of the investments held in the portfolio during the period. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

During the year, the Company successfully completed its takeover offer for Concentrated Leaders Fund Pty Limited (ASX: CLF), Contango Income Generator Limited (ASX: CIE) and amaysim Australia Limited (ASX: AYS), successfully acquiring 100.0% of CLF, 69.68% of CIE and 79.75% of AYS. Refer to the Chairman's letter for further information.

As a result of the CLF, CIE and AYS takeover offers, 145.1 million new WAM Capital shares were issued during the year. The shares were issued at a premium to the Company's pre-tax NTA to the benefit of all shareholders. The issue of shares was accretive to the Company's pre-tax NTA by approximately 1.7% and generated over \$23.2 million in value for WAM Capital shareholders as a result during the year.

Financial position

The net asset value of the Company as at 30 June 2021 was \$1,697,218,031 (2020: \$1,221,680,985). Further information on the financial position of the Company is contained in the Chairman's Letter.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2021.

Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2020 final dividend of 7.75 cents per share paid on 27 November 2020	58,708,414
Fully franked FY2021 interim dividend of 7.75 cents per share paid on 7 June 2021	67,748,364

Since the end of the year, the Directors declared a fully franked final dividend of 7.75 cents per share to be paid on 29 October 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 ability to generate franking credits is reliant on the receipt of franked dividends from investments and the payment of tax on profits.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Dr. Philippa Ryan
- James Chirnside
- Lindsay Mann
- Matthew Pancino (appointed 1 September 2020)
- Kate Thorley

Information on Directors

Geoff Wilson (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 41 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff has been Chairman of the Company since March 1999.

Other current directorships

Geoff Wilson is currently Chairman of WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), WAM Strategic Value Limited (appointed March 2021) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and Future Generation Global Investment Company Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited

Geoff Wilson (Chairman – non-independent) (cont'd)

Other current directorships (cont'd)

(appointed September 2020), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Concentrated Leaders Fund Pty Limited (appointed March 2021), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation, and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Former directorships in the last 3 years

Geoff Wilson resigned as a director of 8IP Emerging Companies Limited in September 2020 and Australian Leaders Fund Limited in March 2021.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

Philippa Ryan (Director – independent)

Experience and expertise

Dr Philippa Ryan is an experienced legal academic with experience in commercial law, corporate governance, finance and technology. Dr Ryan is an associate professor in the Australian National University's College of Law and program director of the ANU Master of Laws. She has authored books and articles on blockchain technology, digital economies, and crypto currencies. She is a non-executive director on the Board of Landers and Rogers, a member of the Standards Australia blockchain technical committee, and a member of ASIC's Fintech Advisory Committee. She was lead author of the ISO technical specification for smart contracts. She is a board member of Treasury's Audit Committee. Dr Ryan holds a number of legal and academic qualifications including BA, LLB (Hons), Master of Education, and PhD (Law).

Dr Ryan has been a director of the Company since April 2018.

Other current directorships

Philippa Ryan is a director of Landers and Rogers.

Former directorships in the last 3 years

Philippa Ryan has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Philippa Ryan has no interests in shares of the Company.

Philippa Ryan (Director – independent) (cont'd)

Interests in contracts

Philippa Ryan has no interests in contracts of the Company.

James Chirnside (Director – independent)

Experience and expertise

James Chirnside has been involved in financial markets for over 30 years mainly as an equities fund manager across a broad range of sectors. James is currently Chairman and Managing Director of Dart Mining NL. Prior to this, James worked as a fund manager and proprietary metals trader in Sydney, Hong Kong, London, and Melbourne. Between 2002 and 2012, James ran equities fund manager Asia Pacific Asset Management. From 2000-2001, James worked for Challenger Financial Group in Sydney as a product manager responsible for hedge fund investments. During the 1990s, James managed frontier and emerging market hedge funds in Hong Kong and London for Regent Fund Management (now London AIM listed Charlemagne Capital). Between 1988 and 1992, James ran a proprietary trading book for County NatWest Investment Bank, based in London.

James Chirnside has been a Director of the Company since February 2003.

Other current directorships

James Chirnside is a Director of Cadence Capital Limited (appointed February 2005), Ask Funding Limited (appointed September 2015), Dart Mining NL (appointed June 2015), IPE Limited (appointed August 2018) and Wealth Defender Equities Pty Limited (appointed October 2018).

Former directorships in the last 3 years

James Chirnside resigned as a Director of Mercantile Investment Company Limited in September 2019.

Special responsibilities

Chairman of the Audit and Risk Committee.

Interests in shares of the Company

Details of James Chirnside's interests in shares of the Company are included later in the report.

Interests in contracts

James Chirnside has no interests in contracts of the Company.

Lindsay Mann (Director – independent)

Experience and expertise

Lindsay Mann has more than 45 years' financial services experience. He was formerly Chairman of Premium Investors Pty Limited (formerly Premium Investors Limited). Prior to that Lindsay was CEO (Singapore) and Regional Head Asia for First State Investments, the Asian business of Colonial First State Global Asset Management. Prior to this, Lindsay was CEO of AXA Investment Managers in Hong Kong. He is a Fellow of the Institute of Actuaries of Australia and a Graduate member of the AICD.

Lindsay Mann has been a Director of the Company since December 2012.

Other current directorships

Lindsay Mann is currently an independent non-executive director and Chair of Uniting Ethical Investors Limited, an independent Director of WAM Leaders Limited (appointed March 2016), Wealth Defender Equities Pty Limited (appointed October 2018) and Century Australia Investments Pty Limited (appointed March 2019).

Lindsay Mann (Director – independent) (cont'd)

Former directorships in the last 3 years

Lindsay Mann has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Lindsay Mann's interests in shares of the Company are included later in this report.

Interests in contracts

Lindsay Mann has no interests in contracts of the Company.

Matthew Pancino (Director – independent)

Experience and expertise

Matthew is a noted technology, operations and transformation expert with 30 years' experience gained in leading organisations within the communications, banking and funds management sectors. Matthew is currently a Director, Industry Solutions Practice Lead, Asia Pacific at Google LLC. Matthew has previously served as Chief Technology Officer for the Commonwealth Bank of Australia Group, Chief Executive Officer for Suncorp Business Services, Group Executive – Operations and Chief Information Officer for Perpetual Limited and Head of Transformation at Telstra Corporation Limited. He holds a Bachelor of Science (Computer Science), is a member of the Australian Institute of Company Directors and has completed executive education at INSEAD and Stanford University School of Business.

Matthew Pancino has been a director of the Company since September 2020.

Other current directorships

Matthew Pancino has no other directorships.

Former directorships in the last 3 years

Mathew Pancino has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Matthew Pancino has no interests in shares of the Company.

Interests in contracts

Matthew Pancino has no interests in contracts of the Company.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 16 years' experience in the funds management industry and more than 22 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited, WAM Global Limited and WAM Strategic Value Limited. Kate is a Director and the Acting Chief Executive Officer of Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. She holds a Bachelor of

Kate Thorley (Director – non-independent) (cont'd)

Experience and expertise (cont'd)

Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (GAICD).

Kate has been a Director of the Company since August 2016.

Other current directorships

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), Future Generation Global Investment Company Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

Former directorships in the last 3 years

Kate Thorley has not resigned as a Director from any other listed companies within the last three years.

Special responsibilities

None.

Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Kate Thorley has no interests in contracts of the Company.

Joint Company Secretaries

The following persons held the position of Joint Company Secretary at the end of the financial year:

Jesse Hamilton

Jesse is a Chartered Accountant with more than 13 years' experience working in advisory and assurance services, specialising in funds management. As the Chief Financial Officer, Jesse oversees all finance and accounting of Wilson Asset Management (International) Pty Limited. He is Company Secretary for WAM Alternative Assets Limited and WAM Strategic Value Limited and Joint Company Secretary for WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited, in addition to Future Generation Australia and Future Generation Global. Prior to joining Wilson Asset Management, Jesse worked as Chief Financial Officer of an ASX listed company and also worked as an advisor specialising in assurance services, valuations, mergers and acquisitions, financial due diligence and capital raising activities for listed investment companies.

Jesse was appointed Company Secretary of WAM Capital in November 2020.

Linda Kiriczenko

Linda Kiriczenko has over 17 years' experience in financial accounting including more than 13 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also the Company Secretary for six listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited and WAM Global Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda was appointed Company Secretary of WAM Capital Limited in October 2017.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Capital.

a) Remuneration of Directors

All Directors of WAM Capital are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$190,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2021:

Director	Position	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,132	868	10,000
Philippa Ryan	Director	36,530	3,470	40,000
James Chirnside	Director	36,530	3,470	40,000
Lindsay Mann	Director	36,530	3,470	40,000
Matthew Pancino (appointed 1 September 2020)	Director	30,441	2,892	33,333
Kate Thorley	Director	9,132	868	10,000
		158,295	15,038	173,333

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals benefits for FY2021 and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Directors' remuneration received for the year ended 30 June 2020:

Director	Position	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,132	868	10,000
Philippa Ryan	Director	36,530	3,470	40,000
James Chirnside	Director	36,530	3,470	40,000
Lindsay Mann	Director	36,530	3,470	40,000
Kate Thorley	Director	9,132	868	10,000
Chris Stott (resigned 26 July 2019)	Director	649	61	710
		128,503	12,207	140,710

Remuneration Report (Audited) (cont'd)**a) Remuneration of Directors (cont'd)**

The following table reflects the Company's performance and Directors' remuneration over five years:

	2021	2020	2019	2018	2017
Operating profit/(loss) after tax (\$)	\$266,615,114	(\$26,706,967)	\$14,533,222	\$125,397,635	\$68,912,591
Dividends (cents per share)	15.5	15.5	15.5	15.5	15.0
Share price (\$)	\$2.19	\$1.82	\$2.02	\$2.38	\$2.39
NTA after tax (\$ per share)	\$1.93	\$1.68	\$1.87	\$1.98	\$1.92
Total Directors' remuneration (\$)	\$173,333	\$140,710	\$150,000	\$150,109	\$175,589
Shareholder's equity (\$)	\$1,697,218,031	\$1,221,680,985	\$1,344,417,111	\$1,323,833,214	\$1,214,898,458

As outlined above, Directors' fees are not directly linked to the Company's performance.

b) Director related entities remuneration

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with Wilson Asset Management (International) Pty Limited (the Investment Manager or the Manager). Geoff Wilson is the director of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Capital. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$15,973,073 inclusive of GST (2020: \$14,078,216). As at 30 June 2021, the balance payable to the Manager was \$1,540,607 inclusive of GST (2020: \$1,058,905).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2021, a performance fee of \$15,041,140 inclusive of GST was payable to Wilson Asset Management (International) Pty Limited (2020: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Capital to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2021, the fee for accounting services amounted to \$46,200 inclusive of GST (2020: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2020: \$16,500).

These amounts are in addition to the Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

Remuneration Report (Audited) (cont'd)

c) Remuneration of executives

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated for these services as outlined above.

d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions / balance held on appointment	Disposal	Balance at 30 June 2021
Geoff Wilson	412,884	101,437	-	514,321
Philippa Ryan	-	-	-	-
James Chirnside	35,815	2,594	-	38,409
Lindsay Mann	63,880	-	-	63,880
Matthew Pancino (appointed 1 September 2020)	-	-	-	-
Kate Thorley	57,491	-	-	57,491
	570,070	104,031	-	674,101

There have been no changes in shareholdings disclosed above between 30 June 2021 and the date of the report.

Directors and director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report -

Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	8	8
Philippa Ryan	8	8
James Chirnside	8	8
Lindsay Mann	8	8
Matthew Pancino (appointed 1 September 2020)	5	4
Kate Thorley	8	8

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2021 Corporate Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
James Chirnside	4	4
Lindsay Mann	4	4
Philippa Ryan	4	4
Matthew Pancino	3	3

After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 7.75 cents per share to be paid on 29 October 2021.

No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of Officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2021 is provided on the Company's website at wilsonassetmanagement.com.au.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 29 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 19th day of August 2021

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Sydney NSW 2000

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Sydney NSW 2001

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e. sydneypartners@pitcher.com.au

**Auditor's Independence Declaration
To the Directors of WAM Capital Limited
ABN 34 086 587 395**

In relation to the independent audit of WAM Capital Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S M Whiddett
Partner

Pitcher Partners
Sydney

19 August 2021

Statement of comprehensive income for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Net realised and unrealised gains/(losses) on financial investments		285,626,844	(56,631,902)
Other revenue from operating activities	2	93,943,426	28,967,203
Management fees		(14,883,996)	(13,118,338)
Performance fees		(14,015,604)	-
Directors fees		(173,333)	(140,710)
Brokerage expense on share purchases		(5,121,104)	(4,811,676)
Expenses paid on borrowed stock		(18,770)	(138,909)
Custody fees		(77,342)	(107,464)
ASX listing and chess fees		(250,154)	(228,690)
Share registry fees		(413,073)	(291,044)
Disbursements, mailing and printing		(369,484)	(280,782)
Legal and professional fees		(475,968)	(41,307)
ASIC industry funding levy		(55,861)	(54,042)
Other expenses from ordinary activities		(372,781)	(371,378)
Profit/(loss) before income tax		343,342,800	(47,249,039)
Income tax (expense)/benefit	3(a)	(76,727,686)	20,542,072
Profit/(loss) after income tax attributable to members of the Company		266,615,114	(26,706,967)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		266,615,114	(26,706,967)
Basic and diluted earnings/(loss) per share	15	33.79 cents	(3.70 cents)

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	13	149,614,471	203,400,924
Trade and other receivables	6	29,789,191	20,984,982
Financial assets	7	1,566,906,061	963,612,288
Current tax assets	3(c)	-	22,676,280
Total current assets		1,746,309,723	1,210,674,474
Non-current assets			
Deferred tax assets	3(b)	72,200,056	68,540,392
Total non-current assets		72,200,056	68,540,392
Total assets		1,818,509,779	1,279,214,866
Current liabilities			
Trade and other payables	9	80,983,842	32,857,926
Financial liabilities	8	-	897,913
Current tax liabilities	3(c)	13,128,785	-
Total current liabilities		94,112,627	33,755,839
Non-current liabilities			
Deferred tax liabilities	3(d)	27,179,121	23,778,042
Total non-current liabilities		27,179,121	23,778,042
Total liabilities		121,291,748	57,533,881
Net assets		1,697,218,031	1,221,680,985
Equity			
Issued capital	10	1,688,342,901	1,352,964,191
Profits reserve	11	184,758,357	44,600,021
Accumulated losses	12	(175,883,227)	(175,883,227)
Total equity		1,697,218,031	1,221,680,985

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2021

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2019		1,337,451,236	(47,616,161)	54,582,036	1,344,417,111
Loss for the year		-	(26,706,967)	-	(26,706,967)
Transfer to profits reserve		-	(101,560,099)	101,560,099	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	10(b)	15,512,955	-	-	15,512,955
Dividends paid	4(a)	-	-	(111,542,114)	(111,542,114)
Balance at 30 June 2020		1,352,964,191	(175,883,227)	44,600,021	1,221,680,985
Profit for the year		-	266,615,114	-	266,615,114
Transfer to profits reserve		-	(266,615,114)	266,615,114	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	10(b)	16,773,876	-	-	16,773,876
Shares issued via scrip consideration for the acquisition of Concentrated Leaders Fund	10(b)	67,218,411	-	-	67,218,411
Shares issued via scrip consideration for the acquisition of Contango Income Generator	10(b)	55,505,386	-	-	55,505,386
Shares issued via scrip consideration for the acquisition of amaysim Australia	10(b)	196,402,497	-	-	196,402,497
Share issue costs (net of tax)	10(b)	(521,460)	-	-	(521,460)
Dividends paid	4(a)	-	-	(126,456,778)	(126,456,778)
Balance at 30 June 2021		1,688,342,901	(175,883,227)	184,758,357	1,697,218,031

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Proceeds from sale of investments		3,688,875,724	3,724,169,098
Payments for purchase of investments		(3,657,260,936)	(3,736,901,301)
Dividends received		89,575,572	26,501,671
Interest received		475,969	3,175,482
Other investment income received		2,743,637	814,073
Management fee (GST inclusive)		(15,491,367)	(14,233,258)
Brokerage expense on share purchases (GST inclusive)		(5,479,615)	(5,155,458)
Payments for administration expenses (GST inclusive)		(2,222,168)	(1,821,994)
Income tax paid		(45,955,387)	(24,471,376)
GST on brokerage expense on share sales		(338,163)	(364,037)
Net GST received from ATO		1,712,469	1,729,140
Net cash provided by/(used in) operating activities	14	56,635,735	(26,557,960)
Cash flows from financing activities			
Dividends paid – net of reinvestment		(109,682,902)	(96,029,159)
Share issue costs		(739,286)	-
Net cash used in financing activities		(110,422,188)	(96,029,159)
Net decrease in cash and cash equivalents held		(53,786,453)	(122,587,119)
Cash and cash equivalents at beginning of the year		203,400,924	325,988,043
Cash and cash equivalents at the end of the year	13	149,614,471	203,400,924
Non-cash transactions:			
Shares issued via scrip consideration for the acquisition of Concentrated Leaders Fund		67,218,411	-
Shares issued via scrip consideration for the acquisition of Contango Income Generator		55,505,386	-
Shares issued via scrip consideration for the acquisition of amaysim Australia		196,402,497	-
Shares issued via dividend reinvestment plan		16,773,876	15,512,955

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2021

1. Significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Capital is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 19 August 2021 by the Board of Directors.

WAM Capital is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, with the exception of certain financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Financial Report have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

a) Financial assets and financial liabilities

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

1. Significant accounting policies (cont'd)

a) Financial assets and financial liabilities (cont'd)

Classification and subsequent measurement (cont'd)

The Company classifies its financial instruments into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(iii) Investment entity

WAM Capital owns 100% of the shares on issue in Concentrated Leaders Fund, Wealth Defender Equities and another unlisted investment entity. The Directors have assessed the requirements of *AASB 10 Consolidated Financial Statements* and have applied the criteria set out in that standard to the operations of the Company. WAM Capital is therefore considered to be an investment entity and as a result, the wholly owned entities of the Company are not consolidated into the financial statements, but rather are accounted for as financial assets at fair value through profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

b) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Company and its wholly owned entities have formed an income tax consolidated group under the Tax Consolidation Regime. Under this arrangement, each entity in the tax consolidated group recognises its own current tax amounts, except for any deferred tax assets arising from unused tax losses and unused tax credits, which are immediately assumed by the Company. The current tax liability of each entity in the tax consolidated group is subsequently assumed by the Company. There is currently no tax funding agreement between the Company and its wholly owned entities.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1 (g) for further detail.

f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost.

g) Impairment of assets

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 30 June 2021 there are no expected credit losses recognised (2020: nil).

1. Significant accounting policies (cont'd)

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) Dividends

Dividends are recognised when declared during the financial year.

m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

In accordance with AASB 112 Income Taxes, deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. The assumptions about future taxable profits require the use of judgment. Future taxable profits are determined based on the historical performance of the Company and the ability of the Company to generate positive performance even when market conditions are uncertain. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2021. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

n) New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Company.

2. Other revenue

	2021 \$	2020 \$
Australian sourced dividends	89,979,799	25,276,442
Trust distributions	741,124	670,738
Interest	682,954	2,542,782
Foreign sourced dividends	642,997	341,565
Underwriting fees	303,497	135,676
Other income	1,593,055	-
	93,943,426	28,967,203

3. Income tax

a) Income tax expense/(benefit)

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense/(benefit) as follows:

	2021 \$	2020 \$
Prima facie tax on profit/(loss) before income tax at 30% (2020: 30%)	103,002,840	(14,174,712)
Imputation credit gross up	10,967,023	2,827,937
Franking credit offset	(36,556,743)	(9,426,457)
Foreign income tax gross up	36,422	22,233
Foreign income tax offset	(121,407)	(74,110)
Other non-assessable items*	(600,449)	283,037
	76,727,686	(20,542,072)
Effective tax rate	22.3%	(43.5%)

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year. The increase in the effective tax rate from the comparative year is reflective of the profit before income tax in comparison to the loss before income tax in the prior period, offset by the lower proportion of franked dividends compared to the profit before tax received during the year.

*Other non-assessable items primarily relate to timing differences on franked dividends receivable and investments.

3. Income tax (cont'd)**a) Income tax expense/(benefit) (cont'd)**

	2021 \$	2020 \$
Total income tax expense/(benefit) results in a:		
Current tax liability	76,768,445	(62,294,484)
Deferred tax liability	3,401,079	23,778,042
Deferred tax asset	(3,441,838)	17,974,370
	76,727,686	(20,542,072)

b) Deferred tax assets

	2021 \$	2020 \$
Tax losses	71,921,287	68,302,472
Accruals	12,491	13,003
Share issue costs	266,278	224,917
	72,200,056	68,540,392
Movement in deferred tax assets		
Balance at the beginning of the year	68,540,392	23,613,806
Credited/(charged) to the statement of comprehensive income	3,441,838	(17,974,370)
Share issue costs	217,826	-
Tax losses transferred from acquisition of controlled entity	-	1,105,172
Tax losses transferred	-	61,795,784
At reporting date	72,200,056	68,540,392

The Directors continue to consider it probable that future taxable profits will be available against which the \$71,921,287 (2020: \$68,302,472) of income tax losses can be recovered and therefore, the deferred tax asset recognised will be able to be utilised against future income tax payable.

3. Income tax (cont'd)

c) Current tax liabilities/(assets)

	2021 \$	2020 \$
Balance at the beginning of the year	(22,676,280)	2,293,796
Current year income tax on operating profit/(loss)	76,768,445	(62,294,484)
Net income tax paid	(45,955,387)	(24,471,376)
Tax liability transferred from acquisition of controlled entity	4,992,007	-
Transfer tax losses to deferred tax asset	-	61,795,784
At reporting date	13,128,785	(22,676,280)

d) Deferred tax liabilities

	2021 \$	2020 \$
Fair value adjustments and timing differences on receivable	27,179,121	23,778,042
	27,179,121	23,778,042
Movement in deferred tax liabilities		
Balance at the beginning of the year	23,778,042	-
Charged to the statement of comprehensive income	3,401,079	23,778,042
At reporting date	27,179,121	23,778,042

4. Dividends

a) Ordinary dividends paid during the year

	2021 \$	2020 \$
Final dividend FY2020: 7.75 cents per share fully franked at 30% tax rate, paid 27 November 2020 (Final dividend FY2019: 7.75 cents per share fully franked)	58,708,414	55,644,075
Interim dividend FY2021: 7.75 cents per share fully franked at 30% tax rate, paid 7 June 2021 (Interim dividend FY2020: 7.75 cents per share fully franked)	67,748,364	55,898,039
	126,456,778	111,542,114

b) Dividends not recognised at year end

	2021 \$	2020 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 7.75 cents per share fully franked dividend (2020: 7.75 cents per share fully franked) which has not been recognised as a liability at the end of the financial year	68,069,738	56,223,573

4. Dividends (cont'd)

c) Dividend franking account

	2021 \$	2020 \$
Balance of franking account at year end	35,400,628	1,391,592
Adjusted for franking credits arising from: - Estimated income tax payable/(refundable)	13,128,785	(22,676,280)
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(29,172,745)	(24,095,817)
	19,356,668	(45,380,505)

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 balance of the franking account does not include tax to be paid on unrealised investment gains currently recognised as a deferred tax liability of \$27,179,121 (2020: \$23,778,042).

5. Auditor's remuneration

	2021 \$	2020 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	59,754	64,517
Other services provided by a related practice of the auditor:		
Taxation services	10,340	11,659
Acquisition of controlled entity	2,200	5,940
	72,294	82,116

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditor. The Audit and Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. Trade and other receivables

	2021 \$	2020 \$
Outstanding settlements	26,910,399	20,182,645
Investment income receivable	1,317,915	398,962
GST receivable	1,560,877	403,375
	29,789,191	20,984,982

6. Trade and other receivables (cont'd)

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Investment income receivable relates to interest, dividends and trust distributions receivable at the end of the reporting period.

7. Financial assets

	2021 \$	2020 \$
Listed investments at fair value	1,524,725,472	961,933,032
Unlisted investments at fair value	42,180,589	1,679,256
	1,566,906,061	963,612,288

The fair values of individual investments held at the end of the reporting period are disclosed on pages 61 to 62 of the Annual Report.

The balance of unlisted investments held at fair value as at 30 June 2021 includes WAM Capital's investments in unlisted investment companies. The fair value of these unlisted investment companies have been based on their respective net asset backing, being the underlying residual cash and cash equivalents at the end of the reporting period.

8. Financial liabilities

	2021 \$	2020 \$
Borrowed stock	-	897,913

Borrowed stock is carried at fair value. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the net asset value of the Company, as outlined in the investment management agreement.

9. Trade and other payables

	2021 \$	2020 \$
Outstanding settlements	64,086,611	31,527,503
Management fee payable	1,540,607	1,058,905
Performance fee payable	15,041,140	-
Sundry payables	315,484	271,518
	80,983,842	32,857,926

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

10. Issued capital

a) Paid-up capital

	2021 \$	2020 \$
878,319,194 ordinary shares fully paid (2020: 725,465,456)	1,688,342,901	1,352,964,191

b) Ordinary shares

	2021 \$	2020 \$
Balance at the beginning of the year 725,465,456 ordinary shares fully paid (2020: 717,571,132)	1,352,964,191	1,337,451,236
3,556,920 ordinary shares issued on 27 November 2020 under a dividend reinvestment plan	7,812,832	-
29,887,233 ordinary shares issued as scrip consideration for the acquisition of Concentrated Leaders Fund	67,218,411	-
24,008,011 ordinary shares issued as scrip consideration for the acquisition of Contango Income Generator	55,505,386	-
91,254,346 ordinary shares issued as scrip consideration for the acquisition of amaysim Australia	196,402,497	-
4,147,228 ordinary shares issued on 7 June 2021 under a dividend reinvestment plan	8,961,044	-
Share issue costs (net of tax)	(521,460)	-
3,693,795 ordinary shares issued on 25 October 2019 under a dividend reinvestment plan	-	7,957,672
4,200,529 ordinary shares issued on 28 April 2020 under a dividend reinvestment plan	-	7,555,283
At reporting date	1,688,342,901	1,352,964,191

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, all substantive resolutions will be decided by a poll. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

10. Issued capital (cont'd)

d) Off-market takeover offers

During the year, the Company successfully completed its takeover offer for Concentrated Leaders Fund Limited (ASX: CLF), Contango Income Generator Limited (ASX: CIE) and amaysim Australia Limited (ASX: AYS).

WAM Capital's takeover offer for CLF opened on 18 September 2020. On 31 December 2020, the offer consideration was increased from 2 WAM Capital Shares for every 3.7 CLF Shares to 2 WAM Capital Shares for every 3.5 CLF Shares and the independent board committee of CLF unanimously recommended that CLF shareholders accept the WAM Capital offer on 31 December 2020. The offer closed on 26 March 2021 with WAM Capital receiving acceptances for 91.6% of the shares on issue in CLF. The Company subsequently proceeded with the compulsory acquisition of the remaining CLF shares that it did not own. As a result, WAM Capital has a relevant interest in 100.0% of the shares in CLF, which was delisted from the ASX on 20 April 2021, and was subsequently converted from a public company to a proprietary limited company. CLF is a wholly owned subsidiary of WAM Capital.

WAM Capital's takeover offer for CIE opened on 13 October 2020 and closed on 13 November 2020. The takeover consideration for the takeover offer was 1 WAM Capital share for every 3 CIE shares. WAM Capital acquired 69.7% of CIE through the takeover offer. On 15 January 2021, CIE announced a selective buy-back of the WAM Capital holding, enabling WAM Capital to exit the position at the pre-tax NTA backing per share of CIE, less transaction costs. On 14 July 2021, CIE shareholders approved the selective buy-back at the extraordinary general meeting. These proceeds have been received and WAM Capital has since exited the position.

On 15 December 2020, WAM Capital announced a bid implementation agreement with AYS in relation to WAM Capital's off-market takeover offer to acquire all of the ordinary shares of AYS. The offer was subject to the sale of AYS's mobile business to Optus Mobile Pty Limited which was approved at the AYS extraordinary general meeting on 21 January 2021. The AYS business, following the mobile business sale, was largely represented by the underlying cash distribution available to AYS shareholders, including a fully franked component to the distribution of approximately \$80.7 million. The takeover consideration for the takeover offer was 1 WAM Capital share for every 2.675 AYS shares. The offer opened on 2 February 2021 and closed on 30 March 2021. AYS was delisted from the ASX on 6 April 2021. WAM Capital acquired 79.8% of AYS.

WAM Capital was able to acquire AYS at a discount to the residual cash distribution in the business as a result of the new shares issued at a premium to WAM Capitals pre-tax NTA, representing an average annualised return of approximately 19.9% on the investment. WAM Capital received two distributions during the financial year; \$0.50 per AYS share in April 2021 and \$0.17 per AYS share in May 2021. On 5 July 2021 AYS shareholders approved, at an extraordinary general meeting, the voluntary wind up of AYS. We expect the final distribution of \$0.03 per AYS share to be received in October 2021.

The investments in CLF, CIE and AYS have been accounted for as a financial asset at fair value through profit or loss (FVTPL), consistent with the Company's accounting policies. See Note 16(d) for further information.

As a result of the CLF, CIE and AYS takeover offers, 145.1 million new WAM Capital shares were issued during the year. The shares were issued at a premium to the Company's pre-tax NTA to the benefit of all shareholders. The issue of shares was accretive to the Company's pre-tax NTA by approximately 1.7% and generated over \$23.2 million in value for WAM Capital shareholders as a result during the year.

11. Profits reserve

	2021 \$	2020 \$
Profits reserve	184,758,357	44,600,021

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2021 \$	2020 \$
Movement in profits reserve		
Balance at the beginning of the year	44,600,021	54,582,036
Transfer of profits during the year	266,615,114	101,560,099
Final dividend paid (refer to Note 4(a))	(58,708,414)	(55,644,075)
Interim dividend paid (refer to Note 4(a))	(67,748,364)	(55,898,039)
At reporting date	184,758,357	44,600,021

12. Accumulated losses

	2021 \$	2020 \$
Balance at the beginning of the year	(175,883,227)	(47,616,161)
Profit/(loss) for the year attributable to members of the Company	266,615,114	(26,706,967)
Transfer to profits reserve	(266,615,114)	(101,560,099)
At reporting date	(175,883,227)	(175,883,227)

13. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2021 \$	2020 \$
Cash at bank	149,614,471	123,475,867
Term deposits	-	78,920,175
Cash collateral for borrowed stock	-	1,004,882
	149,614,471	203,400,924

The weighted average interest rate for cash and term deposits as at 30 June 2021 is 0.23% (2020: 0.54%). There were no term deposits held at 30 June 2021. The term deposits held in the prior period had an average maturity of 76 days from the end of the period.

14. Cash flow information

	2021 \$	2020 \$
Reconciliation of profit/(loss) after tax to cash flow from operations:		
Profit/(loss) after income tax	266,615,114	(26,706,967)
Fair value gains and movements in financial assets and financial liabilities	(254,242,031)	43,919,457
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(2,076,455)	1,514,897
Increase in deferred tax assets	(8,433,845)	(43,821,414)
Decrease/(increase) in current tax assets	22,676,280	(22,676,280)
Increase/(decrease) in payables	15,566,808	(271,899)
Increase/(decrease) in current tax liabilities	13,128,785	(2,293,796)
Increase in deferred tax liabilities	3,401,079	23,778,042
Net cash provided by/(used in) operating activities	56,635,735	(26,557,960)

15. Earnings per share

	2021 Cents per share	2020 Cents per share
Basic and diluted earnings/(loss) per share	33.79	(3.70)
	2021 \$	2020 \$
Profit/(loss) after income tax used in the calculation of basic and diluted earnings/(loss) per share	266,615,114	(26,706,967)
	2021 No.	2020 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings/(loss) per share	789,120,720	721,317,115

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

16. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the period.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet twice weekly to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised in the Statement of financial position, is the carrying amount net of any expected credit losses of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The Company also holds cash with its custodian that has a Standard and Poor's short-term rating of A-1 and long-term rating of A. The majority of all maturities for cash and term deposits are within three months, there were no term deposits held at 30 June 2021.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed respectively by the Manager and the Board.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

16. Financial risk management (cont'd)

b) Liquidity risk (cont'd)

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount, the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradable securities which, where liquidity is available, can be sold on market when, and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2021	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	80,983,842	80,983,842
Financial liabilities	-	-	-
Total	-	80,983,842	80,983,842
30 June 2020	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	32,857,926	32,857,926
Financial liabilities	-	897,913	897,913
Total	-	33,755,839	33,755,839

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its cash and term deposits mature within three months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

16. Financial risk management (cont'd)

c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

30 June 2021	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	0.23%	149,614,471	-	149,614,471
Trade and other receivables		-	29,789,191	29,789,191
Financial assets		-	1,566,906,061	1,566,906,061
Total		149,614,471	1,596,695,252	1,746,309,723
Liabilities				
Trade and other payables		-	80,983,842	80,983,842
Total		-	80,983,842	80,983,842
30 June 2020	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	0.54%	203,400,924	-	203,400,924
Trade and other receivables		-	20,984,982	20,984,982
Financial assets		-	963,612,288	963,612,288
Total		203,400,924	984,597,270	1,187,998,194
Liabilities				
Trade and other payables		-	32,857,926	32,857,926
Financial liabilities		-	897,913	897,913
Total		-	33,755,839	33,755,839

(ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

16. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk (cont'd)

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The risks and relative weightings of the individual securities and market sectors are reviewed daily in order to manage risk. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's industry sector weighting of gross assets as at 30 June 2021 is as below:

Industry sector	2021 %	2020 %
Consumer Discretionary	19.7	21.6
Financials	13.9	15.3
Industrials	13.8	9.2
Materials	10.8	3.3
Consumer Staples	8.8	8.6
Communication Services	7.8	2.6
Information Technology	6.0	11.6
Health Care	5.0	7.1
Energy	4.9	2.1
Real Estate	1.9	2.0
Total	92.6	83.4

There were no securities representing over 5 per cent of gross assets of the Company as at 30 June 2021 (2020: nil).

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result from a reasonably possible change in the risk variable. The sensitivity assumes all other variables remain constant.

Investments represent 92.6% (2020: 83.4%) of gross assets at year end. A 5.0% movement in the fair value of each of the investments within the investment portfolio would result in a 3.2% (2020: 2.8%) movement in the net assets after tax. This would result in the 30 June 2021 net asset backing after tax moving by 6.2 cents per share (2020: 4.6 cents per share).

16. Financial risk management (cont'd)

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs). Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Included within Level 2 of the hierarchy are WAM Capital's investments in unlisted investment companies. The fair value of these investments have been based on their respective net asset backing, being the underlying value of their residual cash and cash equivalents and investment portfolio values at the end of the reporting period. WAM Capital's investment in Contango Income Generator Limited (ASX: CIE) has also been valued using the net asset backing per share of CIE. On 14 July 2021, CIE shareholders approved a selective buy-back at an extraordinary general meeting, allowing WAM Capital to exit the position at the pre-tax NTA per share of CIE, less transaction costs. WAM Capital's investment in amaysim Australia Limited (ASX: AYS) has also been included within Level 2 of the hierarchy and is valued using the anticipated final distribution expected to be received in October 2021.

Also included within level 2 of the hierarchy is WAM Capital's investment in PEXA Group Limited (ASX: PXA) (\$26.5m) which was valued at the initial public offering price. PXA was listed on the ASX on 5 July 2021. The remaining balance of the investments in Level 2 of the hierarchy include unlisted investments which have been valued using valuation techniques such as comparisons to similar investments for which market observable prices are available, the net asset backing per share or the last sale price to determine fair value.

WAM Capital's wholly owned investment in Concentrated Leaders Fund (ASX: CLF), included in Level 2 of the hierarchy, was acquired as a result of the successful takeover bid completed during the year. CLF was delisted from the ASX on 20 April 2021. The investment has been valued at its underlying net asset backing at the end of the reporting period, in accordance with the above. The balance represents the residual cash and cash equivalents and investment portfolio values at the end of the reporting period. WAM Capital's initial interest in CLF before the completion of the takeover bid, representing its holding in the entity previously listed on the ASX, was historically included in Level 1 of the hierarchy and valued using its quoted last price on the ASX. As a result of the takeover bid, the investment was transferred from Level 1 to Level 2 in the hierarchy during the period upon completion of the takeover offer.

WAM Capital's initial interest in CIE before the completion of the takeover bid was also transferred from Level 1 to Level 2 as a result of subsequently valuing the investment at its underlying net asset backing, in accordance with the above.

There were no other transfers between Level 1 and Level 2 during the period (2020: nil).

16. Financial risk management (cont'd)

d) Financial instruments measured at fair value (cont'd)

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 30 June 2021:

30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	1,524,725,472	42,180,589	-	1,566,906,061
Financial liabilities	-	-	-	-
Total	1,524,725,472	42,180,589	-	1,566,906,061

30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	961,933,032	1,679,256	-	963,612,288
Financial liabilities	(897,913)	-	-	(897,913)
Total	961,035,119	1,679,256	-	962,714,375

17. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 8,477 (2020: 9,214). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$10,687,364 (2020: \$10,600,089).

18. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

19. Capital commitments

There were no capital commitments for the Company as at 30 June 2021 (2020: nil).

20. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2021 (2020: nil).

21. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO Chairman
- Dr. Philippa Ryan Director
- James Chirnside Director
- Lindsay Mann Director
- Matthew Pancino Director (appointed 1 September 2020)
- Kate Thorley Director

21. Key management personnel compensation (cont'd)

a) Remuneration

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated for these services as outlined in Note 22.

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on page 24, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2021	158,295	15,038	173,333
Total Directors remuneration paid by the Company for the year ended 30 June 2020	128,503	12,207	140,710

b) Share holdings

The number of ordinary shares held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions / balance held on appointment	Disposal	Balance at 30 June 2021
Geoff Wilson	412,884	101,437	-	514,321
Philippa Ryan	-	-	-	-
James Chirnside	35,815	2,594	-	38,409
Lindsay Mann	63,880	-	-	63,880
Matthew Pancino (appointed 1 September 2020)	-	-	-	-
Kate Thorley	57,491	-	-	57,491
	570,070	104,031	-	674,101

Ordinary shares held Directors	Balance at 30 June 2019	Acquisitions	Disposals	Balance at 30 June 2020
Geoff Wilson	412,884	-	-	412,884
Philippa Ryan	-	-	-	-
James Chirnside	33,144	2,671	-	35,815
Lindsay Mann	63,880	-	-	63,880
Kate Thorley	57,491	-	-	57,491
	567,399	2,671	-	570,070

21. Key management personnel compensation (cont'd)

b) Share holdings (cont'd)

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

22. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with Wilson Asset Management (International) Pty Limited. Geoff Wilson is the director of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Capital. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$15,973,073 inclusive of GST (2020: \$14,078,216). At 30 June 2021, the balance payable to the Manager was \$1,540,607 inclusive of GST (2020: \$1,058,905).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2021, a performance fee of \$15,041,140 inclusive of GST was payable to Wilson Asset Management (International) Pty Limited (2020: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Capital to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2021, the fee for accounting services amounted to \$46,200 inclusive of GST (2020: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2020: \$16,500).

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

23. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 7.75 cents per share to be paid on 29 October 2021.

No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

The Directors of WAM Capital Limited declare that:

- 1) The financial statements as set out in pages 30 to 54 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 24 to 26, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2021 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, Wilson Asset Management (International) Pty Limited declaring that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the Company's financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated this 19th day of August 2021

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201 Sussex Street
Sydney NSW 2000

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**Independent Auditor's Report
To the Members of WAM Capital Limited
ABN 34 086 587 395**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WAM Capital Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of WAM Capital Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Existence and Valuation of Financial Assets Refer to Note 7: Financial Assets	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 2" (i.e. where key inputs to valuation are based on other observable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the investment management processes and controls; ▪ Reviewing and evaluating the independent auditor's reports on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's reports relate to and obtaining bridging letters; ▪ Obtaining confirmation of the investment holdings directly from the Custodian; ▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent observable pricing sources and inputs; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

Key audit matter	How our audit addressed the matter
Accuracy and Existence of Management and Performance Fees Refer to Note 9: Trade and other payables and Note 22: Related party transactions	
<p>We focused our audit effort on the accuracy and existence of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees; ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; ▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees; ▪ Testing of key inputs including the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 26 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report of WAM Capital Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



S M Whiddett
Partner

19 August 2021



Pitcher Partners
Sydney

Investments at fair value as at 30 June 2021

Company Name	Code	Fair Value \$	% of Gross Assets
Consumer discretionary			
SeaLink Travel Group Limited	SLK	36,825,961	2.2%
Lovisa Holdings Limited	LOV	29,115,117	1.7%
Aristocrat Leisure Limited	ALL	22,916,167	1.4%
IDP Education Limited	IEL	21,419,862	1.3%
Ardent Leisure Group Limited	ALG	20,469,124	1.2%
City Chic Collective Limited	CCX	18,450,292	1.1%
Webjet Limited	WEB	18,137,520	1.1%
Corporate Travel Management Limited	CTD	17,231,756	1.0%
Breville Group Limited	BRG	17,182,308	1.0%
The Star Entertainment Group Limited	SGR	16,877,798	1.0%
Premier Investments Limited	PMV	16,395,694	1.0%
Domino's Pizza Enterprises Limited	DMP	14,045,802	0.8%
Myer Holdings Limited	MYR	12,773,853	0.8%
Universal Store Holdings Limited	UNI	11,586,543	0.7%
Temple & Webster Group Limited	TPW	11,115,685	0.7%
The Reject Shop Limited	TRS	10,641,735	0.6%
Collins Foods Limited	CKF	10,143,368	0.6%
Evolve Education Group Limited	EVO	7,159,764	0.4%
Atomos Limited	AMS	6,140,113	0.4%
Dusk Group Limited	DSK	5,389,309	0.3%
BetMakers Technology Group Limited	BET	4,041,241	0.2%
BlueBet Holdings Limited*	BBT	2,658,398	0.2%
Nick Scali Limited	NCK	415,790	0.0%
		331,133,200	19.7%
Financials			
Contango Income Generator Limited*	CIE	64,811,641	3.9%
Virgin Money UK PLC	VUK	39,505,735	2.3%
Pendal Group Limited	PDL	35,506,283	2.1%
Genworth Mortgage Insurance Australia Limited	GMA	17,745,519	1.1%
Australian Finance Group Limited	AFG	17,142,989	1.0%
Steadfast Group Limited	SDF	11,227,379	0.7%
Netwealth Group Limited	NWL	9,231,108	0.5%
Perpetual Limited	PPT	8,627,411	0.5%
MyState Limited	MYS	8,382,559	0.5%
PSC Insurance Group Limited	PSI	7,825,442	0.5%
Clime Investment Management Limited	CIW	4,600,307	0.3%
IOOF Holdings Limited	IFL	3,958,012	0.3%
Keybridge Capital Limited	KBC	2,270,348	0.1%

Company Name	Code	Fair Value \$	% of Gross Assets
Financials (cont'd)			
HHY Fund	HHY	1,042,751	0.1%
Clime Private Limited*	n/a	790,853	0.0%
Ask Funding Limited*	n/a	512,246	0.0%
DMX Corporation Limited*	n/a	60,340	0.0%
8IP Emerging Companies Limited	8EC	25,520	0.0%
		233,266,443	13.9%
Industrials			
MAAS Group Holdings Limited	MGH	35,323,064	2.1%
Seven Group Holdings Limited	SVW	34,956,253	2.1%
Johns Lyng Group Limited	JLG	21,951,772	1.3%
Downer EDI Limited	DOW	20,791,435	1.2%
ALS Limited	ALQ	19,487,928	1.1%
SG Fleet Group Limited	SGF	19,312,914	1.1%
Reliance Worldwide Corporation Limited	RWC	16,487,491	1.0%
Alliance Aviation Services Limited	AQZ	16,324,404	1.0%
CIMIC Group Limited	CIM	16,034,420	1.0%
McMillan Shakespeare Limited	MMS	11,701,620	0.7%
Tourism Holdings Limited	THL NZX	10,551,197	0.6%
IPH Limited	IPH	3,710,405	0.2%
GWA Group Limited	GWA	3,290,525	0.2%
Monadelphous Group Limited	MND	1,396,966	0.1%
Service Stream Limited	SSM	1,254,148	0.1%
		232,574,542	13.8%
Materials			
Pact Group Holdings Limited	PGH	35,324,984	2.1%
IMDEX Limited	IMD	25,672,651	1.5%
Fletcher Building Limited	FBU	25,609,605	1.5%
Adbri Limited	ABC	21,019,005	1.2%
Brickworks Limited	BKW	14,548,246	0.9%
DDH1 Limited	DDH	13,022,562	0.8%
Champion Iron Limited	CIA	12,838,506	0.8%
Nufarm Limited	NUF	12,546,658	0.7%
IGO Limited	IGO	12,468,221	0.7%
Deterra Royalties Limited	DRR	9,473,490	0.6%
		182,523,928	10.8%
Consumer staples			
Bega Cheese Limited	BGA	35,668,603	2.1%
United Malt Group Limited	UMG	35,408,370	2.1%
BWX Limited	BWX	21,438,801	1.3%

Investments at fair value as at 30 June 2021

Company Name	Code	Fair Value \$	% of Gross Assets
Consumer staples (cont'd)			
Lynch Group Holdings Limited	LGL	20,765,184	1.2%
Tassal Group Limited	TGR	12,040,840	0.7%
Select Harvests Limited	SHV	11,689,407	0.7%
Elders Limited	ELD	4,162,308	0.3%
The a2 Milk Company Limited	A2M	3,906,396	0.2%
Beston Global Food Company Limited	BFC	2,789,387	0.2%
		147,869,296	8.8%
Communication services			
News Corporation	NWS	27,671,590	1.6%
EVENT Hospitality & Entertainment Limited	EVT	26,305,344	1.6%
Seven West Media Limited	SWM	19,468,057	1.1%
carsales.com Limited	CAR	17,986,263	1.1%
Enero Group Limited	EGG	13,332,688	0.9%
Uniti Group Limited	UWL	9,671,158	0.6%
oOh!media Limited	OML	8,877,748	0.5%
TPG Telecom Limited	TPG	5,697,176	0.3%
Tuas Limited	TUA	2,585,747	0.1%
		131,595,771	7.8%
Information technology			
Codan Limited	CDA	42,521,537	2.6%
Data#3 Limited	DTL	20,775,356	1.2%
Life360 Inc.	360	14,044,119	0.8%
Tyro Payments Limited	TYR	12,178,121	0.7%
Afterpay Limited	APT	6,971,321	0.4%
Reckon Limited	RKN	2,684,733	0.2%
Xpansiv CBL Holding Group Limited*	n/a	1,899,720	0.1%
		101,074,907	6.0%
Health care			
Australian Clinical Labs Limited	ACL	21,359,888	1.3%
Virtus Health Limited	VRT	18,689,788	1.1%
Capitol Health Limited	CAJ	18,400,847	1.1%
Estia Health Limited	EHE	16,879,004	1.0%
Mayne Pharma Group Limited	MYX	5,054,560	0.3%
Nanosonics Limited	NAN	4,021,719	0.2%
		84,405,806	5.0%

Company Name	Code	Fair Value \$	% of Gross Assets
Energy			
Viva Energy Group Limited	VEA	50,137,509	3.0%
Karoon Energy Limited	KAR	13,251,909	0.8%
Oil Search Limited	OSH	10,143,893	0.6%
Paladin Energy Limited	PDN	4,412,540	0.3%
Iris Energy Pty Limited*	n/a	3,779,575	0.2%
		81,725,426	4.9%
Real Estate			
PEXA Group Limited*	PXA	26,477,670	1.6%
Ingenia Communities Group	INA	4,254,087	0.2%
Sunland Group Limited	SDG	1,370,319	0.1%
		32,102,076	1.9%
Total long portfolio		1,558,271,395	92.6%
Investment in unlisted investment companies*		8,634,666	0.5%
Total short portfolio		-	-
Total cash and cash equivalents, income receivable and net outstanding settlements		115,317,051	6.9%
Gross assets		1,682,223,112	

*Unlisted investments.

*The investment in four unlisted investment companies primarily represents their residual cash and cash equivalents at the end of the reporting period.

*On 14 July 2021, CIE shareholders approved a selective buy-back at an extraordinary general meeting, allowing WAM Capital to exit the position at the pre-tax NTA per share of CIE, less transaction costs. These proceeds have been received and WAM Capital has since exited the position. On 21 July 2021, CIE changed its name to WCM Global Long Short Limited (ASX: WLS).

The total number of stocks held at the end of the financial year was 109.

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (as at 31 July 2021) - there are currently no substantial shareholders.

On-market buy back (as at 31 July 2021) - there is no current on-market buy back.

Distribution of shareholders (as at 31 July 2021)

Category	Number of shareholders	Percentage of issued capital held
1 – 1,000	5,633	0.3%
1,001 – 5,000	11,317	3.8%
5,001 – 10,000	7,683	6.9%
10,001 – 100,000	17,460	58.1%
100,001 and over	1,171	30.9%
	43,264	100.0%

The number of shareholdings held in less than marketable parcels is 923.

Twenty largest shareholders – Ordinary shares (as at 31 July 2021)

Name	Number of ordinary shares held	% of issued capital held
HSBC Custody Nominees (Australia) Limited	8,304,774	0.9%
EHJ Investments Pty Limited	5,823,188	0.7%
Netwealth Investments Limited	5,428,645	0.6%
BNP Paribas Nominees Pty Limited	3,891,227	0.4%
Mrs F Martin-Weber	2,170,000	0.3%
Seweta Pty Limited	2,100,000	0.2%
R & R Corbett Pty Limited	1,959,862	0.2%
Gold Tiger Equities Pty Limited	1,816,972	0.2%
Gasweld Pty Limited	1,760,158	0.2%
Nulis Nominees (Australia) Limited	1,539,773	0.2%
Alamo Holdings Limited	1,500,000	0.2%
Wilmar Enterprises Pty Limited	1,487,209	0.2%
Marbear Holdings Pty Limited	1,440,300	0.2%
Eneber Investment Company Limited	1,322,000	0.2%
Citicorp Nominees Pty Limited	1,254,815	0.1%
Mr Louis Pierre Ledger	1,190,000	0.1%
All American Hotdog Pty Limited	1,117,300	0.1%
Resthaven Incorporated	1,101,747	0.1%
Southern Steel Investments Pty Limited	1,098,704	0.1%
Mr M A Maier & Mrs D Dagher	1,063,019	0.1%
	47,369,693	5.3%

Stock exchange listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited

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