
July 2018

Investment Update

W | A | M *Capital*

| W | A | M *Leaders*

| W | A | M *Global*

| W | A | M *Research*

| W | A | M *Active*

| W | A | M *Microcap*

Dear Fellow Shareholder,

July 2018 market overview

Although trade tensions remained at the forefront of investors' minds in July, the MSCI World Index (AUD) rose 2.5% with all sectors delivering positive returns. The Index's gains were primarily driven by large-cap companies that are in many cases trading on above market price-to-earnings ratios.

The United States reported above-trend economic data and strong corporate earnings, with the S&P 500 Index rising 3.0% in AUD. Volatility increased following trade war disputes when the Trump Administration imposed tariffs on US \$34 billion of Chinese imports with China announcing it is planning to match the dollar value hit on US goods. At the end of the month US President Donald Trump and European Commission President Jean-Claude Juncker agreed to suspend new tariffs while negotiating over trade, pulling the US and Europe back from the edge of a potential trade war.

The US Federal Reserve Chairman Jerome Powell said the Fed will continue to raise rates gradually as the US economic outlook remains strong despite uncertainty over trade policy. We believe a significant risk to equity markets is the Fed taking an overly hawkish

stance on interest rates that would increase volatility.

Domestically, the S&P/ASX 200 Accumulation Index and the S&P/ASX All Ordinaries Accumulation Index rose 1.4% and 1.2% respectively, while the S&P/ASX Small Ordinaries Accumulation Index fell 1.0%. The Australian market increased on broad based strength across both industrials and resources, with the banks outperforming for the first time in four months.

Domestic economic data released during the month was mixed, with inflation data coming in below expectations for a record seventh consecutive quarter. The Australian Bureau of Statistics reported that the annual consumer price index climbed to 2.1% in the 12 months to June 2018, up from 1.9% in the 12 months to March 2018. On a quarterly basis, consumer prices rose 0.4%, falling just short of expectations for a larger increase of 0.5%, indicating that interest rates may not be rising any time soon.

The Westpac-Melbourne Institute Index of Consumer Sentiment showed that consumers are more optimistic about the economy, with the Index rising 3.9% in July, the best result since November 2013.

As expected, the Reserve Bank of Australia maintained its cash rate at 1.5% for the 21st

straight meeting, with the statement from the Reserve Bank of Australia firmly neutral.

In other news

During the month, WAM Leaders announced its 2018 **full year results**, reporting a record full year pre-tax profit of \$100.5 million, investment portfolio performance of 17.8% and a fully franked full year dividend of 5.0 cents. We will be announcing WAM Capital, WAM Research, WAM Active and WAM Microcap's full year results later this week.

We continue to fight against the proposed changes to the current dividend imputation system. You can view the results of our recent poll in the Australian Financial Review's [coverage](#).

We look forward to providing an update on our listed investment companies at our upcoming investor conference call on 25 September 2018 and meeting with you at our Shareholder Presentations in November 2018.

Happy investing,



Geoff Wilson AO
Chairman

The Australian market increased on broad based strength across both industrials and resources, with the banks outperforming for the first time in four months.



W | A | M Capital

Focus: small to mid-cap Australian companies
(ASX: WAM)

Portfolio update

The WAM Capital investment portfolio rose 1.0% in July.

Research-driven portion of the investment portfolio:

We increased our exposure to the retail sector during the month, with valuations looking reasonably attractive relative to other sectors. Positive contributors to the portfolio included Noni B (ASX: NBL), Pinnacle Investment Management (ASX: PNI), Mayne Pharma Group (ASX: MYX) and PSC Insurance (ASX: PSI).

Market-driven portion of the investment portfolio:

During the month, Afterpay Touch Group (ASX: APT) announced its fourth quarter result, reporting a 171.0% increase in sales and a strong start to its United States launch, which saw shares close up 51.7% for the month. Positive contributors to the portfolio also included Super Retail Group (ASX: SUL), Macquarie Media (ASX: MRN), CIMIC Group (ASX: CIM) and Downer EDI (ASX: DOW).

Oscar Oberg

LLB BBus CFA
Lead Portfolio Manager



Martin Hickson

BBus BComp M App Fin
Lead Portfolio Manager



Net tangible asset (NTA) figures

NTA before tax	201.44c*
NTA after tax and before tax on unrealised gains	202.27c**
NTA after tax	199.05c**

*The NTA before tax is after the payment and provision for tax of \$20.1m (3.0 cents per share) for the 2018 financial year.
**Includes 0.32 cents per share of tax assets resulting from the acquisition of an unlisted investment company in April 2017.

*Based on the 31 July 2018 share price of \$2.42 per share and the annualised fully franked interim dividend of 15.5 cents per share.

Pre-tax net
tangible assets

\$2.01

Gross assets

\$1,369.8m

Annualised fully
franked interim
dividend yield^

6.4%

Performance
(p.a. since August 1999)

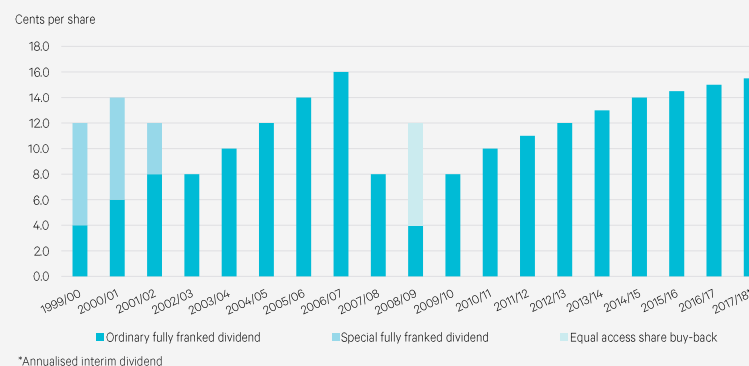
17.5%

Performance at 31 July 2018

	1 mth	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM Investment Portfolio	1.0%	14.8%	14.8%	15.8%	15.3%	17.5%
S&P/ASX All Ordinaries Accumulation Index	1.2%	14.9%	8.4%	9.4%	6.9%	8.5%
Outperformance	-0.2%	-0.1%	+6.4%	+6.4%	+8.4%	+9.0%

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

Fully franked dividends since inception



Top 20 holdings in alphabetical order

Aveo Group	AOG
Austal Limited	ASB
Bapcor Limited	BAP
Boral Limited	BLD
Corporate Travel Management Limited	CTD
Emeco Holdings Limited	EHL
Flight Centre Travel Group Limited	FLT
FlexiGroup Limited	FXL
Greencross Limited	GXL
Mayne Pharma Group Limited	MYX
Noni B Limited	NBL
Nine Entertainment Co. Holdings Limited	NEC
Pengana International Equities Limited	PIA
PSC Insurance Group Limited	PSI
The Star Entertainment Group Limited	SGR
Super Retail Group Limited	SUL
Seven Group Holdings Limited	SVW
Seven West Media Limited	SWM
Southern Cross Media Group Limited	SXL
Templeton Global Growth Fund Limited	TGG

	June 2018		July 2018	
Investment type	\$m	%	\$m	%
Listed equities	973.7	71.7	1,091.9	79.7
Short portfolio	(9.8)	(0.7)	(0.1)	(0.0)
Fixed interest & cash	394.1	29.0	278.0	20.3
Gross assets	\$1,358.0m	100.0	\$1,369.8m	100.0
Market capitalisation	\$1,590.7m		\$1,617.4m	
Total shares on issue	668,363,006		668,363,006	

W | A | M Leaders

Focus: large-cap Australian companies
(ASX: WLE)

Portfolio update

The WAM Leaders investment portfolio increased 1.3% in July. We increased our weighting towards the banks in June, which had positive flow on effects due to the strong performance from banks in July – notable contributors to the portfolio included Commonwealth Bank of Australia (ASX: CBA) and National Australia Bank (ASX: NAB). We also added to our positions in Brambles (ASX: BXB), CIMIC Group (ASX: CIM) and Mayne Pharma Group (ASX: MYX). BHP Billiton (ASX: BHP) was the largest contributor to the portfolio as the Company announced the sale of its shale assets during the month.



Matthew Haupt
BCom GradDip App Fin CFA
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax	122.51c*
NTA after tax and before tax on unrealised gains	121.84c
NTA after tax	119.77c

*The NTA before tax is after the payment and provision for tax of \$7.0m (1.0 cents per share) for the 2018 financial year.

Key dividend dates

Ex dividend date	Record date	Last election date for DRP	Payment date
12 October	15 October	17 October	26 October

*Based on the 31 July 2018 share price of \$1.205 per share.

Pre-tax net tangible assets

\$1.23

Gross assets

\$874.5m

Fully franked full year dividend

5.0c

Performance (p.a. since May 2016)

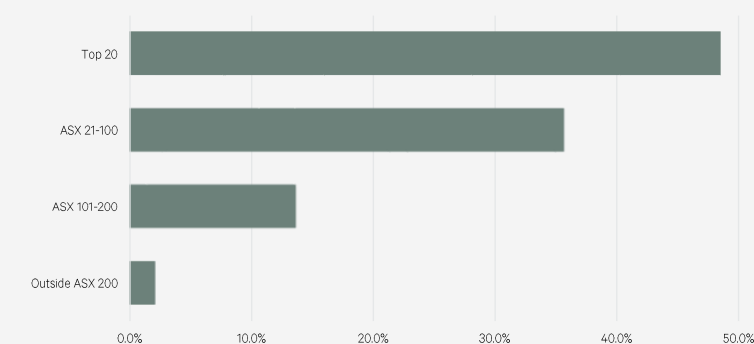
13.6%

Performance at 31 July 2018

	1 mth	6 mths	1 yr	Since inception %pa (May-16)
WLE Investment Portfolio	1.3%	7.1%	18.8%	13.6%
S&P/ASX 200 Accumulation Index	1.4%	6.2%	14.6%	11.7%
Outperformance	-0.1%	+0.9%	+4.2%	+1.9%

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

Equity portfolio composition by market capitalisation



Top 20 holdings in alphabetical order

Australia & New Zealand Banking Group Limited	ANZ
BHP Billiton Limited	BHP
Brambles Limited	BXB
Commonwealth Bank of Australia	CBA
CYBG Plc	CYB
Fortescue Metals Group Limited	FMG
IOOF Holdings Limited	IFL
James Hardie Industries Plc	JHX
Macquarie Group Limited	MQG
National Australia Bank Limited	NAB
Origin Energy Limited	ORG
QBE Insurance Group Limited	QBE
Rio Tinto Limited	RIO
South32 Limited	S32
Sims Metal Management Limited	SGM
The Star Entertainment Group Limited	SGR
Tabcorp Holdings Limited	TAH
Westpac Banking Corporation	WBC
Woolworths Group Limited	WOW
Woodside Petroleum Limited	WPL

	June 2018		July 2018	
Investment type	\$m	%	\$m	%
Listed equities	749.3	86.7	777.3	88.9
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	114.9	13.3	97.2	11.1
Gross assets	\$864.2m	100.0	\$874.5m	100.0
Market capitalisation	\$808.7m		\$847.4m*	
Total shares on issue	703,203,693		703,203,693	

W | A | M Global

Focus: small to mid-cap international companies
(ASX: WGB)

Portfolio update

WAM Global listed on the ASX on 22 June 2018. Since then we have been selectively investing shareholders' capital in companies that meet our rigorous investment process. We are currently holding a relatively high level of cash in the investment portfolio, 38%, given the elevated global geopolitical and economic uncertainty.

Trade wars continued to dominate international news flow in July, causing significant volatility in the share prices of companies feared to be impacted, as well as foreign exchange rates. The proposed tariffs, if fully implemented, could have material ramifications for global growth. If Chinese exports fall as a result, we would not be surprised to see the Chinese government increase infrastructure spending later this calendar year in an attempt to offset the impact to its economy.

In recent weeks we have spent time in the United States (US) meeting more than 30 companies to assess the impact of trade wars on their businesses. We have identified and invested in a number of undervalued North American companies that we believe are well positioned to withstand these geopolitical risks and demonstrate the potential for growth in the coming years. The recent quarterly reporting season in the US showed continuing strength in earnings, largely fuelled by the Trump Administration's tax cuts. US corporates have utilised the tax relief in a number of ways: providing staff bonuses and wage increases; reinvesting back into their businesses; and, more frequently, buying back their own stock to boost earnings per share. Given the positive effects of the tax cuts were expected, in many cases earnings upgrades did not translate into share price reratings. In various instances, companies that met or beat expectations were not rewarded, while those that missed, even slightly, saw their share prices hit aggressively.

At this point in the economic cycle we are cautious about companies that are not demonstrating pricing power as raw materials, freight and labour inflation are repeatedly being sighted as issues. Volatility in global equity markets has recently increased again as ongoing concerns over Turkish economic stability were dealt a further blow when President Trump doubled tariffs on imported Turkish steel and aluminium. While volatility delivers short-term headwinds it also provides opportunities to invest in quality companies at attractive prices during general sell-offs.



Catriona Burns
BCom M App Fin CFA
Lead Portfolio Manager

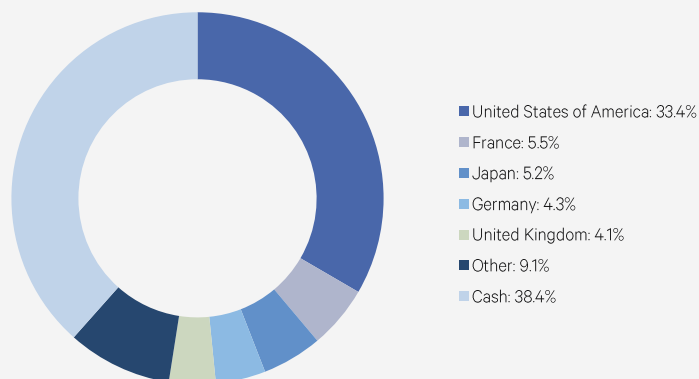
Pre-tax net
tangible assets

\$2.16

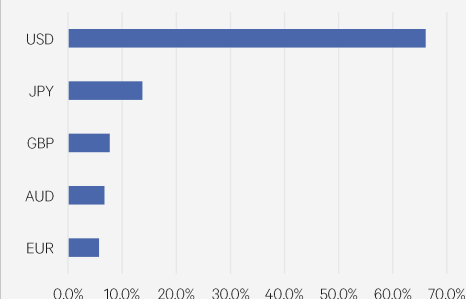
Gross assets

\$451.0m

Portfolio composition by geographical exposure



Cash currency composition



Top 20 holdings in alphabetical order

American Express Company	AXP US	USA
CDW Corp	CDW US	USA
CME Group	CME US	USA
Daikin Industries Limited	6367 JP	JPN
Elis SA	ELIS FP	FRA
Entertainment One Limited	ETO LN	UK
Finning International Inc	FTT CN	CAN
Fresenius SE & Co KGaA	FRE GY	GER
Hasbro Inc	HAS US	USA
Huntington Ingalls Industries Inc	HII US	USA
Markel Corp	MKL US	USA
Open House Co Limited	3288 JP	JPN
Reckitt Benckiser Group Plc	RB LN	UK
Scout24 AG	G24 GR	GER
SMCP SA	SMCP FP	FRA
TE Connectivity Limited	TEL US	USA
The Stars Group Inc.	TSG US	USA
Thermo Fisher Scientific Inc	TMO US	USA
Vivendi SA	VIV FP	FRA
Waste Management Inc	WM US	USA

	June 2018		July 2018	
Investment type	\$m	%	\$m	%
Listed equities	279.6	61.9	277.9	61.6
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	171.9	38.1	173.1	38.4
Gross assets*	\$451.5m	100.0	\$451.0m	100.0
Market capitalisation	\$467.7m		\$459.2m [†]	
Total shares on issue	211,607,623		211,607,623	

*Gross assets exclude the \$7.8m Offer Costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

Net tangible asset (NTA) figures

NTA before tax	216.28c
NTA after tax and before tax on unrealised gains	218.47c
NTA after tax	217.34c

[†]Based on the 31 July 2018 share price of \$2.17 per share.

W | A | M Research

Focus: small to mid-cap Australian companies
(ASX: WAX)

Portfolio update

The WAM Research investment portfolio increased 0.7% in July. We increased our exposure to the retail sector during the month, with valuations looking reasonably attractive relative to other sectors. Positive contributors to the portfolio included Noni B (ASX: NBL), PSC Insurance (ASX: PSI) and Mayne Pharma Group (ASX: MYX).



Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax	128.67c*
NTA after tax and before tax on unrealised gains	128.65c
NTA after tax	125.05c

*The NTA before tax is after the payment and provision for tax of \$296k (0.16 cents per share) for the 2018 financial year.

Pre-tax net
tangible assets

\$1.29

Gross assets

\$243.4m

Annualised fully
franked interim
dividend yield^

6.1%

Performance
(p.a. since July 2010)

18.0%

Performance at 31 July 2018	1 mth	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since change in investment strategy %pa (Jul-10)
WAX Investment Portfolio	0.7%	14.6%	15.4%	17.7%	18.5%	18.0%
S&P/ASX All Ordinaries Accumulation Index	1.2%	14.9%	8.4%	9.4%	9.7%	9.5%
Outperformance	-0.5%	-0.3%	+7.0%	+8.3%	+8.8%	+8.5%

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

Fully franked dividends since inception



*Annualised interim dividend.

Top 20 holdings in alphabetical order

Accent Group Limited	AX1
Adairs Limited	ADH
AUB Group Limited	AUB
Bapcor Limited	BAP
Corporate Travel Management Limited	CTD
Emeco Holdings Limited	EHL
Flight Centre Travel Group Limited	FLT
FlexiGroup Limited	FXL
Imdex Limited	IMD
Lifestyle Communities Limited	LIC
Mayne Pharma Group Limited	MYX
Noni B Limited	NBL
Nine Entertainment Co. Holdings Limited	NEC
PSC Insurance Group Limited	PSI
Reece Limited	REH
Scottish Pacific Group Limited	SCO
Seven West Media Limited	SWM
SpeedCast International Limited	SDA
Wagners Holdings Company Limited	WGN
WorleyParsons Limited	WOR

	June 2018		July 2018	
Investment type	\$m	%	\$m	%
Listed equities	180.2	74.4	189.9	78.0
Fixed interest & cash	61.9	25.6	53.5	22.0
Gross assets	\$242.1m	100.0	\$243.4m	100.0
Market capitalisation	\$284.5m		\$295.8m	
Total shares on issue	188,406,337		188,406,337	

*Based on the 31 July 2018 share price of \$157 per share and the annualised fully franked interim dividend of 9.5 cents per share.

W | A | M Active

Focus: market mispricing within the Australian equity market
(ASX: WAA)

Portfolio update

The WAM Active investment portfolio increased 1.3% in July. During the month, Afterpay Touch Group (ASX: APT) announced its fourth quarter result, reporting a 171.0% increase in sales and a strong start to its United States launch, which saw shares close up 51.7% for the month. Positive contributors to the portfolio also included Super Retail Group (ASX: SUL), CIMIC Group (ASX: CIM), JB Hi-Fi (ASX: JBH) and Fairfax Media (ASX: FXJ).



Martin Hickson
BBus BComp M App Fin
Lead Portfolio Manager

Net tangible asset (NTA) figures

NTA before tax	109.24c*
NTA after tax and before tax on unrealised gains	109.06c
NTA after tax	109.04c

*The NTA before tax is after the payment and provision for tax of \$725k (1.7 cents per share) for the 2018 financial year. The above figures are not adjusted for the 29,202,053 options on issue with an exercise price of \$1.14.

WAM Active Options

Your WAM Active options enable you to acquire additional WAM Active shares (ASX: WAA) at the price of \$1.14 per share at any time on or before 17 September 2018 without paying brokerage fees. The options are currently trading on the ASX under the code WAAO where you have the opportunity to sell or purchase additional options. Shares in WAM Active closed at \$1.145 on 14 August 2018 and WAM Active options (ASX: WAAO) closed at 0.4 cents. If you have any questions regarding your WAM Active options, please call Alexandra Hopper Irwin on (02) 9247 6755 or email info@wilsonassetmanagement.com.au.

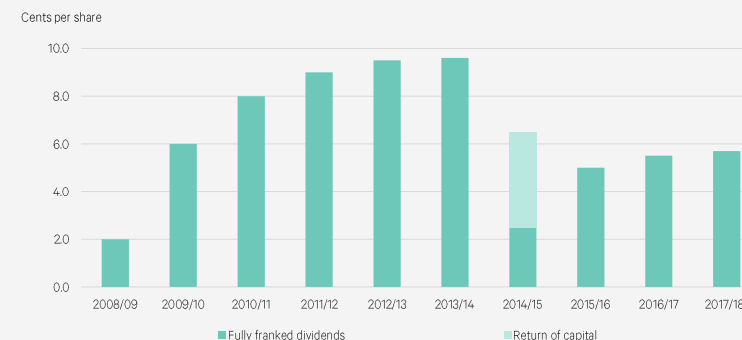
*Based on the 31 July 2018 share price of \$1.14 per share and the annualised fully franked interim dividend of 5.7 cents per share.

Pre-tax net tangible assets	Gross assets	Annualised fully franked interim dividend yield^	Performance (p.a. since January 2008)
\$1.09	\$47.8m	5.0%	13.0%

Performance at 31 July 2018	1 mth	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Jan-08)
WAA Investment Portfolio	1.3%	15.3%	14.1%	13.6%	13.6%	13.0%
S&P/ASX All Ordinaries Accumulation Index	1.2%	14.9%	8.4%	9.4%	6.9%	4.3%
Outperformance	+0.1%	+0.4%	+5.7%	+4.2%	+6.7%	+8.7%
UBS Bank Bill Index (Cash)	0.2%	1.8%	2.0%	2.2%	3.3%	3.5%
Outperformance	+1.1%	+13.5%	+12.1%	+11.4%	+10.3%	+9.5%

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

Fully franked dividends since inception



*Annualised Interim Dividend

	June 2018		July 2018	
Investment type	\$m	%	\$m	%
Listed equities	32.2	68.2	38.8	81.2
Short portfolio	(0.7)	(1.4)	(0.0)	(0.0)
Fixed interest & cash	15.7	33.2	9.0	18.8
Gross assets	\$47.2m	100.0	\$47.8m	100.0
Market capitalisation	\$45.9m		\$47.5m	
Total shares on issue	41,575,290		41,685,981**	

**During the month, 110,691 options were exercised and allotted.

Top 20 holdings in alphabetical order

Atlas Arteria Group	ALX
Aveo Group	AOG
Austal Limited	ASB
Bega Cheese Limited	BGA
Boral Limited	BLD
Bluescope Steel Limited	BSL
Downer EDI Limited	DOW
Greencross Limited	GXL
JB Hi-Fi Limited	JBH
Janus Henderson Group Plc	JHG
Mineral Resources Limited	MIN
Pengana International Equities Limited	PIA
The Star Entertainment Group Limited	SGR
Super Retail Group Limited	SUL
Seven Group Holdings Limited	SVW
Southern Cross Media Group Limited	SXL
Templeton Global Growth Fund Limited	TGG
360 Capital Group Limited	TGP
Wealth Defender Equities Limited	WDE
WPP AUNZ Limited	WPP

W | A | M *Microcap*

Focus: micro-cap Australian companies
(ASX: WMI)

Portfolio update

The WAM Microcap investment portfolio increased 1.2% in July. Over the month we saw a number of companies announce their fourth quarter results, which were usually accompanied with a trading update for the FY18 result. Positive contributors to the portfolio included Swift Networks (ASX: SW1), Noni B (ASX: NBL), Pinnacle Investment Management (ASX: PNI), Gage Roads Brewing Co. (ASX: GRB) and PSC Insurance (ASX: PSI).

Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager



Martin Hickson
BBus BComp M App Fin
Lead Portfolio Manager



Net tangible asset (NTA) figures

NTA before tax	133.03c*
NTA after tax and before tax on unrealised gains	133.99c
NTA after tax	129.08c

*The NTA before tax is after the payment and provision for tax of \$4.8m (3.4 cents per share) for the 2018 financial year.

Pre-tax net
tangible assets

\$1.33

Gross assets

\$193.8m

Annualised fully
franked interim
dividend

4.0c

Performance
(p.a. since June 2017)

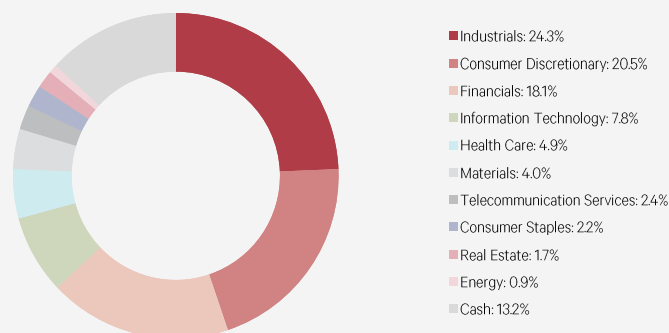
27.5%

Performance at 31 July 2018

	1 mth	3 mths	1 yr	Since Inception %pa (Jun-17)
WMI Investment Portfolio	1.2%	7.4%	25.4%	27.5%
S&P/ASX Small Ordinaries Accumulation Index	-1.0%	3.7%	22.6%	19.4%
Outperformance	+2.2%	+3.7%	+2.8%	+8.1%

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

Portfolio composition by sector



Top 20 holdings in alphabetical order

Adairs Limited	ADH
Australian Vintage Limited	AVG
Axesstoday Limited	AXL
Cabcharge Australia Limited	CAB
Cardno Limited	CDD
CML Group Limited	CGR
Emeco Holdings Limited	EHL
Generational Development Group Limited	GDG
Integral Diagnostics Limited	IDX
Infomedia Limited	IFM
Jumbo Interactive Limited	JIN
Noni B Limited	NBL
Onewue Holdings Limited	OVH
Pacific Current Group Limited	PAC
Pinnacle Investment Management Group Limited	PNI
PSC Insurance Group Limited	PSI
Reckon Limited	RKN
Specialty Fashion Group Limited	SFH
360 Capital Total Return Fund	TOT
Veris Limited	VRS

	June 2018		July 2018	
Investment type	\$m	%	\$m	%
Listed equities	157.0	81.6	168.3	86.8
Short portfolio	0.0	0.0	(0.0)	(0.0)
Fixed interest & cash	35.4	18.4	25.5	13.2
Gross assets	\$192.4m	100.0	\$193.8m	100.0
Market capitalisation	\$199.7m		\$201.8m*	
Total shares on issue	140,151,337		140,151,337	

*Based on the 31 July 2018 share price of \$1.44 per share.