

9 January 2020

Dear Shareholder,

### Invest with caution in 2020

After a year of highly accommodative monetary policy, global central banks are expected to continue to pump money into financial markets and economies in 2020. Record low interest rates and 'easy money' policies have inflated asset values and supported the longest equity bull market in US history. We expect global monetary authorities to continue expanding their balance sheets for at least the first half of 2020 and are positive about the outlook for equity markets during this period.

The core behavioural impact of low interest rates is twofold – investors demonstrate greater demand for yield and an increased appetite for risk. Across major markets the “search for yield” has led to a mispricing of assets and low rates have pushed investors up the risk curve into less liquid securities. The combined effect could amplify the impact of any unexpected shock.

In Australia, the S&P/ASX All Ordinaries Accumulation Index delivered its best annual performance since 2007, the year preceding the global financial crisis. Company valuations have expanded significantly despite little-to-no earnings growth and we believe we are in the later stages of this bull market. Investors should be particularly vigilant when investing in this environment and remain focused on the risks inherent in the supportive conditions that have driven asset prices higher. We continue to identify individual investment opportunities in accordance with our rigorous investment process.

### Our listed investment companies' 2019 performance

Against this investment landscape and given our focus on preserving shareholder capital, we were pleased that each of our listed investment companies delivered strong investment portfolio performance in the 2019 calendar year while maintaining cash levels:

- WAM Capital increased 22.4% with an average cash level of 23.9%;
- WAM Leaders increased 27.3% with an average cash level of 9.4%;
- WAM Global increased 28.2% with an average cash level of 12.3%;
- WAM Microcap increased 35.6% with an average cash level of 21.4%;
- WAM Research increased 23.7% with an average cash level of 25.4%; and
- WAM Active increased 21.7% with an average cash level of 23.0%.

### Raising \$1 million for bushfire and drought affected Australians

As Australia faces heartbreak at the continued destruction and devastation caused by the bushfire and drought crisis, together with our shareholders and supporters, we hope to make a small contribution. This week we passed the halfway mark on our mission to raise \$1 million for affected families and communities; seven weeks after announcing the initiative we have raised more than \$600,000. To have your donation to the Foundation for Rural and Regional Renewal (FRRR) matched by Wilson Asset Management, visit [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au) and please share this with anyone who you think would like to make a contribution, no matter the size.

We look forward to releasing our LICs' FY2020 interim results in February. As always, please call (02) 9247 6755 or email [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au) if you would like to speak with us.

Yours sincerely,



Geoff Wilson AO

Chairman and Chief Investment Officer

\*All donations will be made by the investment manager, not the listed investment companies it manages on behalf of shareholders.  
This announcement has been made with the authority of the Board of Directors.