

# WAM ACTIVE LIMITED

ABN 49 126 420 719

## Appendix 4E Preliminary Final Report for the year ended 30 June 2022

### Results for Announcement to the Market

All comparisons to the year ended 30 June 2021

	\$	up/down	% mvmt
Revenue from ordinary activities	(15,653,277)	down	229.3%
Loss from ordinary activities before income tax expense	(17,356,329)	down	302.5%
Net loss from ordinary activities after income tax expense	(11,959,691)	down	290.7%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2022 Final dividend cents per share	3.0c	3.0c	30%
2022 Interim dividend cents per share	3.0c	3.0c	30%

### Final dividend dates

Ex dividend date	17 October 2022
Record date	18 October 2022
Last election date for the DRP	20 October 2022
Payment date	28 October 2022

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan ("DRP") is in operation and the recommended fully franked final dividend of 3.0 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 over the four trading days commencing on the ex-dividend date for the relevant dividend.

	30 Jun 22	30 Jun 21
Net tangible asset backing (after tax) per share	\$0.82	\$1.04

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 *Active*

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

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 **Wilson**  
Asset Management

OVER **20** Making a  
YEARS difference

## WAM Active Limited

WAM Active Limited (WAM Active 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.

### WAM Active

#### Directors

Geoff Wilson AO (Chairman)  
Kate Thorley  
Karina Kwan  
Simon Poidevin AM

#### Joint Company Secretaries

Jesse Hamilton  
Linda Kiriczenko

#### Investment Manager

MAM Pty Limited  
Level 26, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
(part of the Wilson Asset  
Management Group)

#### Country of Incorporation

Australia

#### Registered Office

Level 26, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

#### Contact Details

Postal Address: GPO Box 4658  
Sydney NSW 2001

T (02) 9247 6755

F (02) 9247 6855

E [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au)

W [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

### Share Registry

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000

T 1300 420 372 (in Australia)

+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

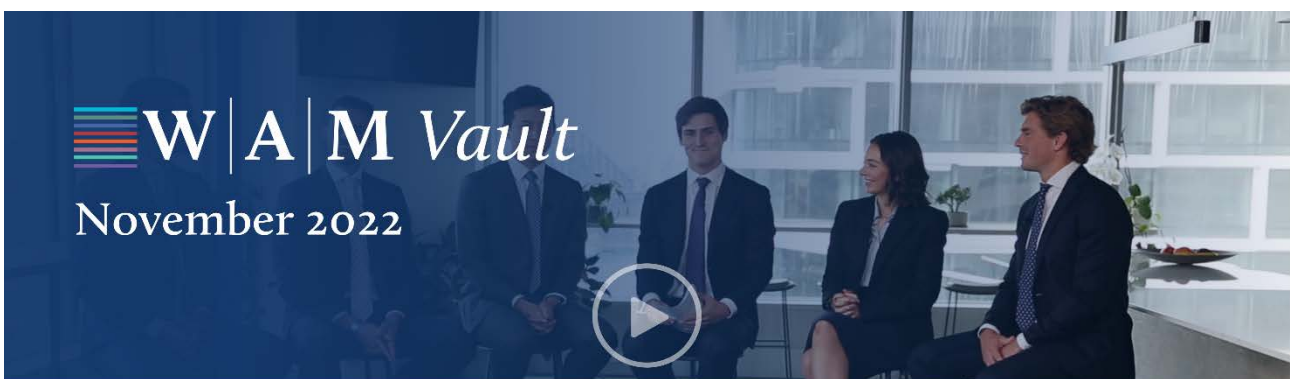
WAM Active Limited  
Ordinary Shares (WAA)

WAM Active Limited  
Options (WAAOA)

expiring 31 October 2022,  
exercise price \$1.10 per option

### Auditor

Pitcher Partners



Watch WAM Vault in November 2022 for insights from the investment team.

Visit [wilsonassetmanagement.com.au/vault](http://wilsonassetmanagement.com.au/vault).

Join our hybrid AGM on Tuesday 29 November 2022. Further details will be provided closer to the date.

Deadline for Director nominations, including the deadline for signed consent, is 5:00pm (AEST) on Tuesday 11 October 2022.

## FY2022 highlights

# 6.0c

fully franked full year dividend

# 8.2%

fully franked dividend yield\*

# +9.3%

investment portfolio performance per annum since inception (Jan-08)

### 30 June 2022 snapshot

Listing date	January 2008
Gross assets	\$53.9m
Market capitalisation	\$54.5m
Share price	\$0.735
Option price	\$0.001
Shares on issue	74,177,980
Options on issue	67,068,824
Net tangible assets (pre-tax)	\$0.72
Net tangible assets (post-tax)	\$0.82
FY2022 fully franked dividends	6.0 cents
FY2022 fully franked dividend yield*	8.2%
FY2022 fully franked grossed-up dividend yield <sup>^</sup>	11.7%

\*Based on the 30 June 2022 share price of \$0.735 per share.

<sup>^</sup>Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30.0%.

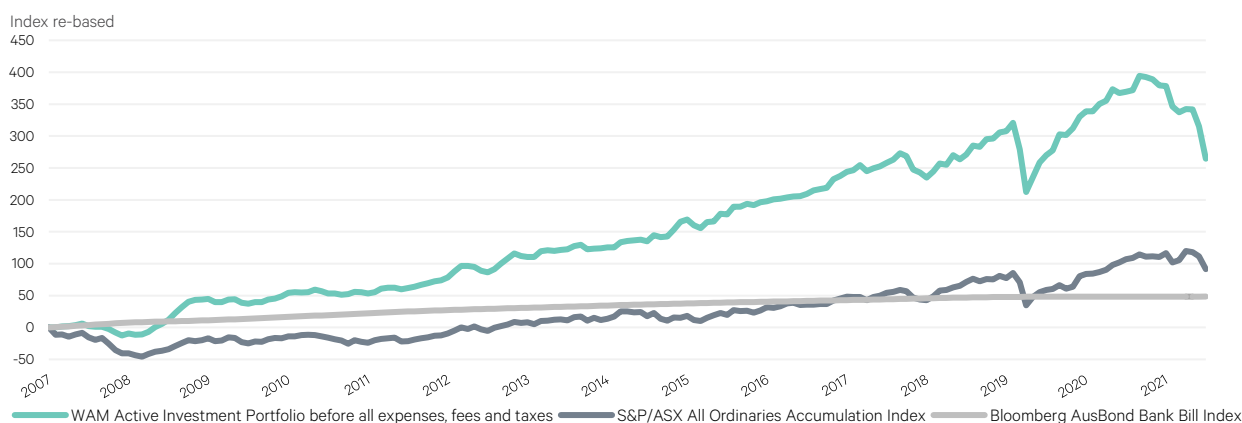
### FY2022 results

WAM Active reported an operating loss before tax of \$17.4 million for the year (FY2021: operating profit before tax of \$8.6 million) and an operating loss after tax of \$12.0 million (FY2021: operating profit after tax of \$6.3 million). The after tax figure was boosted by a \$5.4 million income tax benefit, delivered through the tax benefit on the operating loss for the period and the franking credits received on franked dividend income from investee companies.

The operating loss for FY2022 is a result of the performance in the investment portfolio over the year. The investment portfolio decreased 22.4% during the 12-month period to 30 June 2022, while the S&P/ASX All Ordinaries Accumulation Index fell 7.4% and the Bloomberg AusBond Bank Bill Index (Cash) rose 0.1%. The investment portfolio has returned 9.3% per annum since inception, which has been delivered with less volatility than the market, as measured by its standard deviation.

The Board declared a fully franked final dividend of 3.0 cents per share, bringing the fully franked full year dividend to 6.0 cents per share. Since inception, WAM Active has paid 83.7 cents per share in fully franked dividends to shareholders.

WAM Active's investment portfolio has returned 9.3% p.a. since inception, outperforming the market by 4.7% p.a.



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# Letter from the Chairman

Geoff Wilson AO



## Dear Fellow Shareholders,

The 2022 financial year was a challenging period for equity markets. The S&P/ASX Small Ordinaries Accumulation Index decreased 19.5% and the S&P/ASX All Ordinaries Accumulation Index fell 7.4% during the 12-month period to 30 June 2022. The WAM Active investment portfolio decreased 22.4%, with an average cash weighting of 12.5% over the year.

While the current uncertainty in the market is likely to contribute to a softer environment for corporate actions such as initial public offerings, capital raisings and acquisitions, we see many opportunities that fit our investment process with valuations at depressed levels. In these uncertain times, we remain committed to our proven investment process.

Since inception, WAM Active has achieved an investment portfolio return of 9.3% per annum, outperforming the S&P/ASX All Ordinaries Accumulation Index by 4.7% per annum, with less volatility than the market as measured by its standard deviation. This long-term investment portfolio outperformance has been achieved with WAM Active's diligent and proven investment approach, which focuses on a market-driven process, focusing on identifying market mispricing opportunities in the Australian equity market.

The listed investment company (LIC) structure provides a permanent and stable closed-end pool of capital. An investment team that manages capital on behalf of a LIC can therefore make rational investment decisions based on sound investment strategies, undisturbed by fund inflows and outflows (investors' capital allocations and redemptions). Investors in LICs may also benefit from fully franked dividends paid over time.

The Board declared a fully franked final dividend of 3.0 cents per share, bringing the FY2022 fully franked full year dividend to 6.0 cents per share, representing an 8.2% yield on the 30 June 2022 share price. The Company is able to continue paying a dividend in FY2022 as a result of the profits reserve and the performance of the investment portfolio in previous years. Since inception, WAM Active has paid 83.7 cents per share in fully franked dividends to shareholders.

**6.0 cents  
per share**

**FY2022 fully franked  
full year dividend**

**3.0 cents  
per share**

**FY2022 fully franked  
final dividend**

**8.2% fully  
franked  
dividend  
yield**

**on the 30 June 2022  
share price**

## Chairman's letter

In FY2023, the Company's ability to continue paying fully franked dividends is dependent on generating additional profits reserves, through positive investment portfolio performance, and franking credits. The ability to generate franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profit. As at 30 June 2022, the Company had 4.8 cents per share available in its profits reserve before the payment of the fully franked final dividend of 3.0 cents per share, and 1.8 cents per share after the payment of the fully franked final dividend. Pleasingly, the investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index in July 2022, bringing the profits reserve to 8.2 cents per share, representing 0.9 years of dividend coverage after the payment of the fully franked final dividend of 3.0 cents per share, payable on 28 October 2022.

WAM Active reported an operating loss before tax of \$17.4 million for the year (FY2021: operating profit before tax of \$8.6 million), and an operating loss after tax of \$12.0 million (FY2021: operating profit after tax of \$6.3 million), predominantly due to the movement in the investment portfolio over the year. The after tax figure was boosted by a \$5.4 million income tax benefit, delivered through the tax benefit on the operating loss for the period and the franking credits received on franked dividend income from investee companies.

As a fellow WAM Active shareholder, I thank Lead Portfolio Manager Oscar Oberg, Portfolio Manager Tobias Yao, Senior Equity Analysts Shaun Weick and Sam Koch, Senior Equities Dealer Cooper Rogers, Equities Dealer Will Thompson and the broader Wilson Asset Management investment team, for their diligence, rigour and commitment during what has been an extremely challenging period for equity markets.

## 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 and taxes. A key objective of WAM Active is long-term absolute investment portfolio performance in all market cycles with low volatility.

Performance at 30 June 2022	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Jan-08)
WAM Active Investment Portfolio	-22.4%	-0.6%	3.3%	8.5%	9.3%
Bloomberg AusBond Bank Bill Index (Cash)	0.1%	0.3%	1.0%	1.7%	2.8%
<b>Outperformance</b>	<b>-22.5%</b>	<b>-0.9%</b>	<b>+2.3%</b>	<b>+6.8%</b>	<b>+6.5%</b>
S&P/ASX All Ordinaries Accumulation Index	-7.4%	3.8%	7.2%	9.4%	4.6%
<b>Outperformance</b>	<b>-15.0%</b>	<b>-4.4%</b>	<b>-3.9%</b>	<b>-0.9%</b>	<b>+4.7%</b>

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

## Chairman's letter

Set out below is the performance of WAM Active since listing, on a financial year basis. The performance data excludes all expenses, fees and taxes, 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 Active Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	2.2%	-15.2%	+17.4%
2008/2009	9.6%	-22.1%	+31.7%
2009/2010	22.7%	13.8%	+8.9%
2010/2011	11.5%	12.2%	-0.7%
2011/2012	5.5%	-7.0%	+12.5%
2012/2013	15.4%	20.7%	-5.3%
2013/2014	19.4%	17.6%	+1.8%
2014/2015	5.5%	5.7%	-0.2%
2015/2016	18.0%	2.0%	+16.0%
2016/2017	11.6%	13.1%	-1.5%
2017/2018	15.7%	13.7%	+2.0%
2018/2019	3.6%	11.0%	-7.4%
2019/2020	-0.3%	-7.2%	+6.9%
2020/2021	26.8%	30.2%	-3.4%
2021/2022	-22.4%	-7.4%	-15.0%

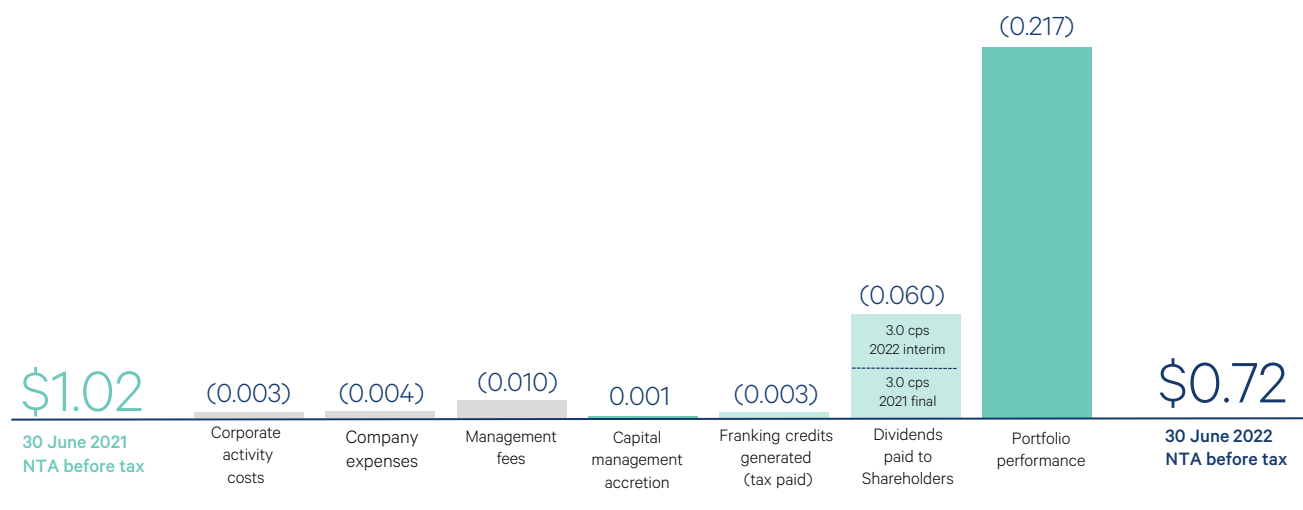
## 2) Net tangible asset (NTA) growth

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 to the ASX each month.

WAM Active's pre-tax NTA decreased 24.3% in the 12 months to 30 June 2022, including the 6.0 cents per share of fully franked dividends paid to shareholders during the year. This increase is after corporate tax paid of 0.3 cents per share or 0.3% of the Company's pre-tax NTA during the year. The management fees of 1.0% was the major item of difference between the investment portfolio performance decrease of 22.4% and the NTA performance decrease of 24.3%. 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 other company related expenses of 0.4% and legal and professional fees associated with corporate activity of 0.3%, offset by capital management accretion of 0.1%.



## WAM Active pre-tax NTA performance

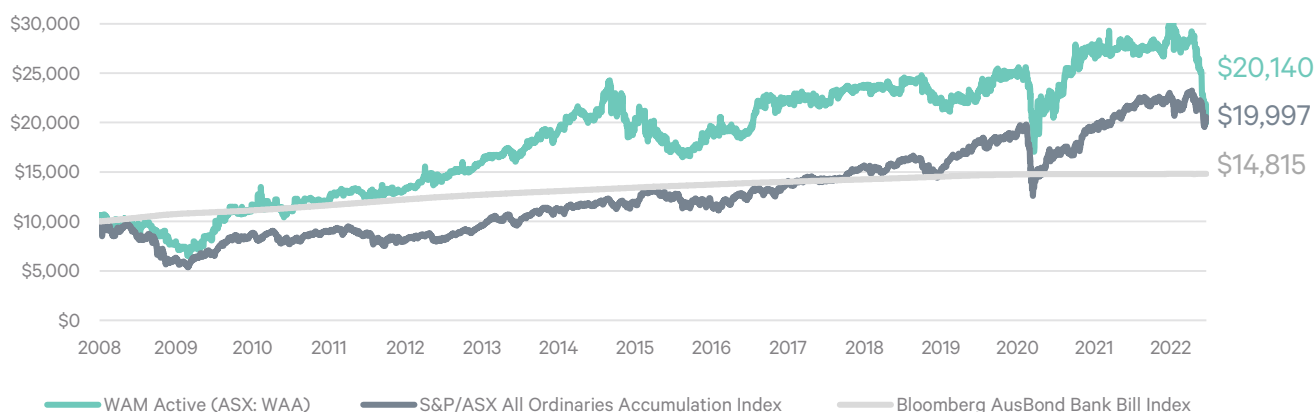


### 3) Total shareholder return (TSR)

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.

This measure shows the tangible return to shareholders, being the change in the share price together with dividends paid, assuming their reinvestment. The TSR for WAM Active for the year to 30 June 2022 was impacted by the movement in the investment portfolio performance during a highly volatile period for equity markets and the decrease in the share price premium to NTA. As at 30 June 2022, the share price premium to NTA was 1.7% (FY2021: 7.5%), with TSR decreasing 28.7% for the year. The S&P/ASX All Ordinaries Accumulation fell 7.4% for the year. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

### Growth of a \$10,000 investment since inception



Notes:

1. The above graph reflects the period from inception in January 2008 to 30 June 2022.
2. WAM Active'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 and the Bloomberg AusBond Bank Bill Index have 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 Active portfolio.

## Dividends

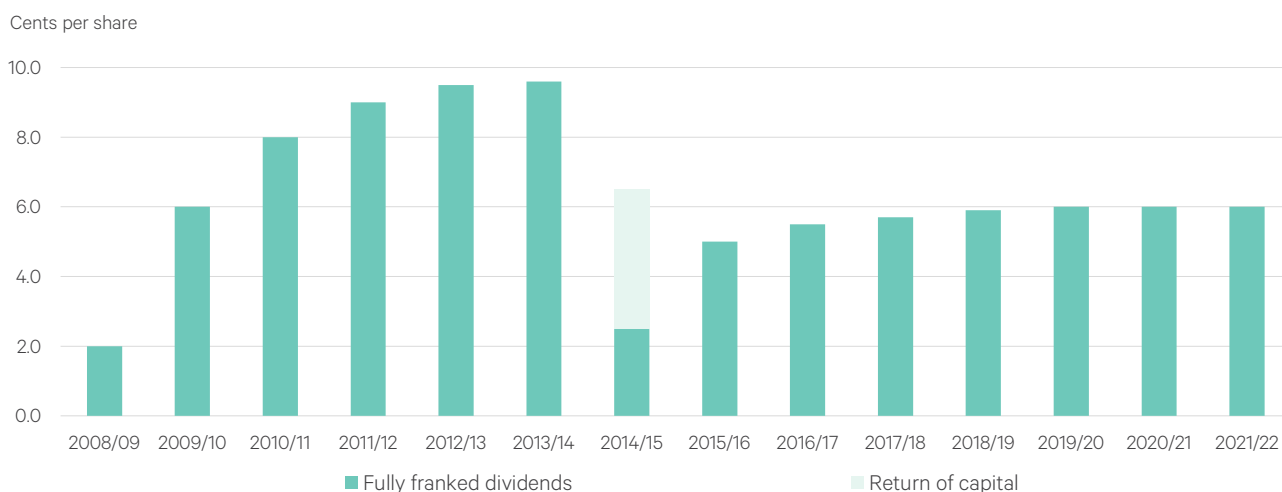
The Board declared a fully franked final dividend of 3.0 cents per share, bringing the FY2022 fully franked full year dividend to 6.0 cents per share, representing an 8.2% yield on the 30 June 2022 share price. Since inception, the Company has paid 83.7 cents per share in fully franked dividends to shareholders.

The LIC structure provides a permanent and stable closed-end pool of capital. An investment team that manages capital on behalf of a LIC can therefore make rational investment decisions based on sound investment strategies, undisturbed by fund inflows and outflows (investors' capital allocations and redemptions). Investors in LICs may also benefit from fully franked dividends paid over time.

In FY2023, the Company's ability to continue paying fully franked dividends is dependent on generating additional profits reserves, through positive investment portfolio performance, and franking credits. The ability to generate franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profit. As at 30 June 2022, the Company had 4.8 cents per share available in its profits reserve before the payment of the fully franked final dividend of 3.0 cents per share, and 1.8 cents per share after the payment of the fully franked final dividend. Pleasingly, the investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index in July 2022, bringing the profits reserve to 8.2 cents per share, representing 0.9 years of dividend coverage after the payment of the fully franked final dividend of 3.0 cents per share, payable on 28 October 2022.

Dividends are usually 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 Active dividends and return of capital since inception



## Capital management/corporate activity

The Board is committed to effectively and efficiently growing the Company to the benefit of all shareholders. When the Company's size increases, on market liquidity for the shares is expected to increase, as well as the Company's relevance in the market, improving the prospect of broker and research coverage and interest from financial planners. The increased size of the Company is also expected to reduce the fixed expense ratio to the benefit of all shareholders.

## Bonus Issue of Options

On 24 February 2021, the WAM Active Board announced a one-for-one Bonus Option Issue to all shareholders of the Company, at no additional cost. A total of 70,066,409 options were allotted to eligible shareholders on 26 March 2021. Each WAM Active option provides holders with the opportunity, but not the obligation, to purchase one additional WAM Active share for \$1.10 per option, without paying brokerage fees. The options are currently trading on the ASX under the code WAAOA and expire on Monday 31 October 2022.

As at the date of this report, a total of 2,997,585 options has been exercised for a total consideration of \$3,297,341, with the remaining balance of outstanding options being 67,068,824.

## Keybridge Capital update

In February 2022, Keybridge Capital Limited (ASX: KBC) (Keybridge) announced its intention to make an off-market takeover bid for WAM Active (Proposed Bid). WAM Active's Board considered the Proposed Bid disingenuous and significantly disadvantageous to WAM Active shareholders. The Directors advised WAM Active shareholders that they should ignore the Proposed Bid and take no action when receiving documents from Keybridge.

On 14 February 2022, WAM Active received a purported notice of meeting (Keybridge Notice) that sought to call a general meeting of WAM Active shareholders on 17 March 2022 (249F Meeting) under section 249F of the *Corporations Act 2001 (Cth)*. To summarise its material terms, the Keybridge Notice proposed resolutions to elect six new directors (Keybridge Resolutions) and, on the information available, none of the nominees possessed the appropriate qualifications or relevant experience required to act as directors of an ASX listed entity.

The WAM Active Board had serious concerns that the Keybridge Notice was defective in several material respects and sought to remedy those it could, in the interest of good corporate governance and shareholder rights, as set out in its announcement of the 'Notice of Meeting: Change of Venue – Online Attendance' for the 249F Meeting (Change of Venue Notice). The Change of Venue Notice provided online meeting attendance and voting facilities, as well as valid proxy forms, both to protect shareholders against the risks of the coronavirus pandemic and support shareholder participation at the 249F Meeting, particularly when Keybridge had proposed a Melbourne physical-only venue.

The WAM Active Board did not support any of the Keybridge Resolutions and they each voted all shares under their control against the Keybridge Resolutions at the 249F Meeting.

WAM Active shareholders voted overwhelmingly against the Keybridge Resolutions, with over 50.1% of the total register voting against all Keybridge Resolutions, with at least 87.0% of total votes cast against all Keybridge Resolutions.

Following WAM Active's announcement that over 50.1% of all shareholders had voted against the Keybridge Resolutions, Keybridge attempted to hold its own separate purported meeting at the old meeting venue in Melbourne on the same day, despite the venue of the 249F Meeting being changed to be held online.

On 8 April 2022, Keybridge withdrew its Proposed Bid.

In June 2022, WAM Active received a statement of claim filed in the Federal Court of Australia by Keybridge. Keybridge is seeking declarations to overturn the 249F Meeting result where 87.0% of WAM Active shareholders voted against the Keybridge Resolutions.

WAM Active wholly rejects the claim and filed its defence on 20 July 2022.

## Chairman's letter

The WAM Active Board thanks all WAM Active shareholders for their continued support, and does not tolerate these attempts to disenfranchise all other WAM Active shareholders.

WAM Active's Board will continue to focus on the Company's strategic goals and delivering on its investment objectives.

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 Active or Wilson Asset Management. Please contact myself or the team, on (02) 9247 6755 or email us at [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au).

Thank you for your continued support and keep safe.

A handwritten signature in black ink, appearing to read 'Geoff Wilson', with a long horizontal flourish extending to the right.

**Geoff Wilson AO**  
**Chairman**

# Lead Portfolio Manager update

Oscar Oberg



Dear Fellow Shareholders,

The 2022 financial year was a volatile and challenging period for equity markets, impacted by coronavirus lockdowns and restrictions, geopolitical tensions in Eastern Europe and concerns surrounding rising inflation and interest rates.

These factors proved to be a difficult environment for investing in market mispricing opportunities, with a sell-off in small-to-mid cap industrial companies unfolding as investors favoured larger companies in sectors such as financials and resources. For the 12 months to 30 June 2022, the WAM Active investment portfolio decreased 22.4% with an average cash weighting of 12.5% over the year.

During the year we saw limited corporate activity in initial public offerings, capital raisings and acquisitions. While the current uncertainty in the market is likely to contribute to a softer environment for corporate actions, we see numerous opportunities that fit our investment process with valuations at depressed levels.

Contributors to the investment portfolio performance over the year included Stanmore Resources (ASX: SMR), CIMIC Group (ASX: CIM), Mincor Resources NL (ASX: MCR), Elders (ASX: ELD) and Karoon Energy (ASX: KAR). Detractors included Life360 Inc (ASX: 360), ARB Corporation (ASX: ARB), Breville Group (ASX: BRG), oOh!media (ASX: OML) and Tuas (ASX: TUA).

As we enter the 2023 financial year, we are in the early stages of equity markets lowering embedded earnings expectations, with central banks continuing to use their limited tools to target rising inflation by aggressively increasing interest rates. Despite the continued uncertain macroeconomic environment, we remain confident in our catalyst-driven investment process. We believe the inflationary outlook will moderate, rather than deteriorate, as a combination of supply chain issues, weather and coronavirus outbreaks all normalise, which should benefit small-to-mid cap companies.

We remain committed to our proven investment process that has served WAM Active well since inception. We continue to favour businesses that we believe can offset cost inflation with price increases. In addition to pricing power, we remain focused on balance sheet strength and believe a number of companies can take advantage of the current market uncertainty through accretive acquisitions.

A key objective of WAM Active is long-term absolute investment portfolio performance in all market cycles with low volatility. We maintain a flexible cash position to ensure we can continue to benefit from share price volatility and take advantage of valuation anomalies.

Thank you for your continued support.

Oscar Oberg CFA  
Lead Portfolio Manager

\*delisted on 11 May 2022 from the Australian Securities Exchange (ASX).

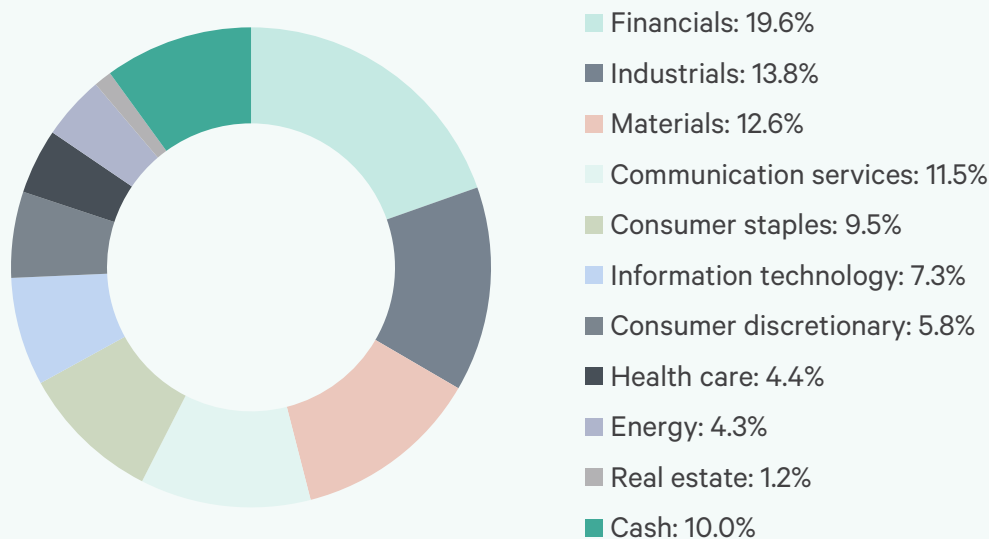
## WAM Active top 20 holdings

as at 30 June 2022

Code	Company	Portfolio weighting
KBC	Keybridge Capital Limited	8.0%
AMP	AMP Limited	5.3%
OML	oOh!Media Limited	4.7%
SDF	Steadfast Group Limited	4.0%
CGC	Costa Group Holdings Limited	3.9%
ALQ	ALS Limited	3.4%
SVW	Seven Group Holdings Limited	3.1%
SHV	Select Harvests Limited	3.1%
CDA	Codan Limited	2.9%
HSN	Hansen Technologies Limited	2.8%
DOW	Downer EDI Limited	2.6%
CAR	carsales.com Limited	2.3%
DGL	DGL Group Limited	2.3%
CAJ	Capitol Health Limited	2.2%
MIN	Mineral Resources Limited	2.2%
RMD	ResMed Inc	2.2%
VNT	Ventia Services Group Limited	2.1%
TUA	Tuas Limited	2.0%
TPG	TPG Telecom Limited	2.0%
EMR	Emerald Resources NL	1.9%

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

## Portfolio by sector



# Investment Manager update

Wilson Asset Management Chief Executive Officer  
And WAM Active 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 Active (ASX: WAA) is your company and I am pleased to share some exciting updates and insights from the year with you.

The Wilson Asset Management team and I were excited to travel across Australia in May and meet with shareholders again in-person for WAM Vault Live. It was fantastic to have a cup of tea with you after more than two and a half years. Thank you to all who attended, we look forward to meeting you again soon.

I extend my sincere thanks to Lead Portfolio Manager Oscar Oberg, Portfolio Manager Tobias Yao, Senior Equity Analysts Shaun Weick and Sam Koch, Senior Equities Dealer Cooper Rogers, Equities Dealer Will Thompson and the broader Wilson Asset Management investment team, who contribute immensely to our team.

Wilson Asset Management prides itself on being a high-performing team, committed to making a difference for our shareholders. During the year, we promoted several team members in recognition of the exceptional quality of their work, including: Sam Koch to Senior Equity Analyst, Martyn McCathie to Investment Specialist and Camilla Cox and Olivia Harris to Senior Corporate Affairs Advisors.

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, People and Culture, Distribution 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 almost \$5 billion on behalf of more than 130,000 retail investors.

Wilson Asset Management is proud to be the Investment Manager for WAM Active, together with seven other LICs: WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR) and WAM Research (ASX: WAX).

## 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. During the year, Wilson Asset Management and Future Generation team members were proud to support over 50 charities across several cause areas such as cancer research, homelessness and mental health. All philanthropic investments are made by the Investment Manager.

In February 2022, many Australians were affected by the devastating floods in New South Wales and Queensland. Wilson Asset Management donated again to the Foundation for Rural and Regional Renewal (FRRR) to support communities impacted by the floods, with hundreds of shareholders and supporters also generously giving funds to support those affected.

In 2019, we were able to raise over \$1 million for Australians affected by the bushfires and drought for the FRRR Disaster Resilience and Recovery Fund. This is an invested fund that grows with donations over time to generate earnings each year to be used to support communities' long-term recovery. Wilson Asset Management's early contribution encouraged others to contribute and the fund now holds over \$5 million.

Our thoughts were also with all those in Ukraine facing the brutality of the fighting and the displacement that has caused a humanitarian disaster. In 2022, along with many of our shareholders, Wilson Asset Management donated to two organisations that we believe are having significant impact on improving the conditions for those suffering; The Ukraine Crisis Appeal and Voices of Children.

We are honoured to provide continued support to Olympic athletes, through managing over \$7 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.

We were excited to announce a five-year renewal of our partnership with Bondi2Berry. We are a key supporter of the event, which raises awareness of dementia, a disease that is the leading cause of death among Australian women, and the third leading cause of death for Australian men. We are also proud to continue our support of the Sydney Uni Velo Club (SUVelo).

Wilson Asset Management is the main partner of the Wollongong 2022 UCI World Championship Cycling competition, which will take place in September this year. The event runs for a week from 18 September 2022, putting the city of Wollongong on the map for a global television audience of over 300 million viewers. More than 1,000 cyclists from 70 countries will meet to compete in 11 races over eight days. The relationship between Wollongong 2022 and Wilson Asset Management was founded on a mutual objective of supporting people and creating a legacy for the community, demonstrating the long-term value of investing in financial, physical and mental wellbeing through cycling and community engagement.



## Advocacy and Education

Our advocacy work on behalf of retail investors in the Australian equity market continues to be a priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market.

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We support 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 Active; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. After almost two and a half years, in May we were pleased to meet with shareholders across the country for WAM Vault Live. We hope to see you again soon, but in the meantime 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:

- ✓ Email updates from our Lead Portfolio Managers
- ✓ WAM Vault Live
- ✓ Investment team insights at WAM Vault: [wilsonassetmanagement.com.au/vault](https://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 contact us by phone on (02) 9247 6755 or by email at [info@wilsonassetmanagement.com.au](mailto: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 Active are to:

- deliver investors a regular income stream in the form of fully franked dividends;
- provide investors with a positive return with low volatility, after fees, over most periods of time; and
- preserve capital in both the short term and long term.

### Investment process – focus on market mispricing opportunities within the Australian market

WAM Active provides investors with access to Wilson Asset Management’s market-driven process, focused on identifying market mispricing opportunities in the Australian equity market. The investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin offs and restructures), arbitrage opportunities, LIC discount arbitrages, short selling and trading market themes and trends. We also participate in investment opportunities that provide the Company with a yield that is better than our return on cash.



## Directors' Report to shareholders for the year ended 30 June 2022

The Directors present their report together with the financial report of WAM Active for the financial year ended 30 June 2022.

### Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a regular income stream of fully franked dividends, provide a positive return with low volatility 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 an operating loss before tax of \$17,356,329 (2021: operating profit before tax of \$8,572,477) and an operating loss after tax of \$11,959,691 (2021: operating profit after tax of \$6,270,606). The after tax figure was boosted by a \$5.4 million income tax benefit, delivered through the tax benefit on the operating loss for the period and the franking credits received on franked dividend income from investee companies.

The 2022 financial year was a challenging period for equity markets. The operating loss for FY2022 is a result of the performance in the investment portfolio over the year. The investment portfolio decreased 22.4% during the 12-month period to 30 June 2022, while the S&P/ASX All Ordinaries Accumulation Index fell 7.4% and the Bloomberg AusBond Bank Bill Index (Cash) rose 0.1%.

The operating loss 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 or loss for each financial year 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.

### Financial position

The net asset value of the Company as at 30 June 2022 was \$61,196,742 (2021: \$76,535,625). 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 2022.

## Dividends paid or declared

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2021 final dividend of 3.0 cents per share paid on 29 October 2021	2,199,047
Fully franked FY2022 interim dividend of 3.0 cents per share paid on 27 May 2022	2,214,413

Since the end of the year, the Directors declared a fully franked final dividend of 3.0 cents per share to be paid on 28 October 2022.

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. In FY2023, 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 investee companies and the payment of tax on profit. As at 31 July 2022, the Company had 8.2 cents per share available in its profits reserve, representing 0.9 years of dividend coverage after the payment of the fully franked final dividend of 3.0 cents per share, payable on 28 October 2022.

## Directors

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

- Geoff Wilson AO
- Kate Thorley
- Karina Kwan
- Simon Poidevin AM (appointed 7 December 2021)
- Emma Ruge-Price (resigned 7 December 2021)

## Information on Directors

### Geoff Wilson AO (Chairman – non-independent)

#### Experience and expertise

Geoff Wilson has over 42 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 Wilson has been Chairman of the Company since July 2007.

#### Other current directorships

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and WAM Strategic Value Limited (appointed March 2021). 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 (appointed September 2020), Global Value Fund Limited (appointed April 2014), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wollongong 2022 Limited

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

### Other current directorships (cont'd)

(appointed March 2019), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation, Australian Stockbrokers 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.

## **Kate Thorley (Director – non-independent)**

### Experience and expertise

Kate Thorley has over 17 years' experience in the funds management industry and more than 23 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Leaders Limited, WAM Research Limited, WAM Microcap Limited, WAM Global Limited, WAM Strategic Value Limited, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. She holds a Bachelor of 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 Thorley has been a Director of the Company since July 2014.

### Other current directorships

Kate Thorley is a Director of WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015), WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed August 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 listed companies within the last three years.

### Special responsibilities

Member of the Audit and Risk Committee.

### Interests in shares of the Company

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

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

#### Interests in contracts

Kate Thorley has no interests in contracts of the Company.

### **Karina Kwan (Director – independent)**

#### Experience and expertise

Karina Kwan is a non-executive director of several boards. Her board contribution includes strategic, financial and risk-governance expertise, leveraging over 31 years' experience in financial services. Karina has led an accomplished executive career, including the roles of Chief Financial Officer of Citi Australia & New Zealand, and General Manager/CFO of the corporate center divisions of the Commonwealth Bank of Australia. Karina holds a Bachelor of Economics (University of Sydney), is a Fellow Certified Practising Accountant of CPA Australia, and a Graduate of the Australian Institute of Company Directors. Karina also serves on the Board of Advice of The University of Sydney Business School and of a number of fintech startups.

Karina Kwan has been a Director of the Company since July 2018.

#### Other current directorships

Karina Kwan is a director of Kyckr Limited (appointed November 2018) and Newcastle Permanent Building Society Limited (appointed March 2020).

#### Former directorships in the last 3 years

Karina Kwan resigned as a director of Nulis Nominees (Australia) Limited in March 2022.

#### Special responsibilities

Chair of the Audit and Risk Committee.

#### Interests in shares of the Company

Karina Kwan has no interests in shares of the Company.

#### Interests in contracts

Karina Kwan has no interests in contracts of the Company.

### **Simon Poidevin AM (Director – independent) (appointed 7 December 2021)**

#### Experience and expertise

Simon Poidevin has worked in global financial markets for over 37 years, spending 14 years with Citigroup, culminating in heading the firm's Corporate Equity Broking division in Australia. Simon was previously Managing Director, Corporate Broking at Bell Potter Securities Limited from 2013 to 2020. He is currently a non-executive Director of Stealth Global Holdings Limited, President of Total Brain Limited, Australia and New Zealand and is an advisory Board Member of leading Safe Harbour insolvency firm Wexted Advisors. Simon was awarded an OAM in 1988 and the Member (AM) in the General Division of the Order of Australia in 2018.

Simon Poidevin has been a Director of the Company since December 2021.

### **Simon Poidevin AM (Director – independent) (appointed 7 December 2021) (cont'd)**

#### Other current directorships

Simon Poidevin is a director of Stealth Global Holdings Limited (appointed October 2021).

#### Former directorships in the last 3 years

Simon Poidevin has not resigned as a Director from any listed companies within the last three years.

#### Special responsibilities

Member of the Audit and Risk Committee.

#### Interests in shares of the Company

Simon Poidevin has no interests in shares of the Company.

#### Interests in contracts

Simon Poidevin 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 Hamilton is a Chartered Accountant with more than 14 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 Investment Company Limited and Future Generation Global Investment Company Limited. 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 Hamilton was appointed Company Secretary of WAM Active in November 2021.

#### **Linda Kiriczenko**

Linda Kiriczenko has over 18 years' experience in financial accounting including more than 14 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 Company Secretary for six listed investment companies, WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active 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 Kiriczenko was appointed Company Secretary of WAM Active Limited in February 2016.

## Remuneration Report (Audited)

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

### a) Remuneration of Directors

All Directors of WAM Active 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 \$110,000 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 2022:

Director	Position	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,091	909	10,000
Kate Thorley	Director	9,091	909	10,000
Karina Kwan	Director	27,273	2,727	30,000
Simon Poidevin (appointed 7 December 2021)	Director	15,505	1,550	17,055
Emma Ruge-Price (resigned 7 December 2021)	Director	11,955	1,195	13,150
		<b>72,915</b>	<b>7,290</b>	<b>80,205</b>

Directors receive a superannuation guarantee contribution required by the government, which was 10% of individuals benefits for FY2022 (FY2021: 9.5%) and do not receive any retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

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
Kate Thorley	Director	9,132	868	10,000
Karina Kwan	Director	27,397	2,603	30,000
Emma Ruge-Price	Director	27,397	2,603	30,000
		<b>73,058</b>	<b>6,942</b>	<b>80,000</b>



## 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:

	2022	2021	2020	2019	2018
Operating (loss)/profit after tax (\$)	(\$11,959,691)	\$6,270,606	(\$767,421)	\$673,133	\$3,415,830
Dividends (cents per share)	6.0	6.0	6.0	5.9	5.7
Share price (\$)	\$0.735	\$1.095	\$0.90	\$0.995	\$1.105
NTA after tax (cents per share)	82.37	104.42	96.86	104.46	108.32
Total Directors' remuneration (\$)	\$80,205	\$80,000	\$80,000	\$80,000	\$90,082
Shareholders' equity (\$)	\$61,196,742	\$76,535,625	\$45,227,618	\$48,342,728	\$45,101,455

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 MAM Pty Limited (the Investment Manager or the Manager), part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$772,385 inclusive of GST (2021: \$622,840). As at 30 June 2022, the balance payable to the Manager was \$49,354 inclusive of GST (2021: \$70,232).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the gross value of the portfolio above the high-water mark.

The high-water mark is the greater of:

- the highest gross value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus.

If the gross value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered. As at 30 June 2022, there was no performance fee payable to the Manager (2021: \$1,945,033).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Active to provide accounting and company secretarial services on commercial terms. For the year ended 30 June 2022, the fee for accounting services amounted to \$46,200 inclusive of GST (2021: \$46,200) and the fee for company secretarial services amounted to \$16,500 inclusive of GST (2021: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

## Remuneration Report (Audited) (cont'd)

### b) Director related entities remuneration (cont'd)

These amounts are in addition to the above 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.

### c) Remuneration of executives

There are no executives that are paid by the Company. MAM Pty Limited, the Investment Manager of the Company, provides the day to day management of the Company and is remunerated 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 2021	Acquisitions	Disposed	Balance at 30 June 2022
Geoff Wilson	1,268,080	-	-	1,268,080
Kate Thorley	87,184	-	-	87,184
Karina Kwan	-	-	-	-
Simon Poidevin (appointed 7 December 2021)	-	-	-	-
	<b>1,355,264</b>	-	-	<b>1,355,264</b>

Options held Directors	Balance at 30 June 2021	Acquisitions	Options exercised/disclosed	Balance at 30 June 2022
Geoff Wilson	1,268,080	-	-	1,268,080
Kate Thorley	87,184	-	-	87,184
Karina Kwan	-	-	-	-
Simon Poidevin (appointed 7 December 2021)	-	-	-	-
	<b>1,355,264</b>	-	-	<b>1,355,264</b>

There have been no changes in shareholdings and option holdings disclosed above between 30 June 2022 and the date of the report.

Directors and director related entities disposed of and acquired ordinary shares and options 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	6	6
Kate Thorley	6	6
Karina Kwan	6	6
Simon Poidevin (appointed 7 December 2021)	4	4
Emma Ruge-Price (resigned 7 December 2021)	2	2

## Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2022 Corporate Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
Karina Kwan	4	4
Kate Thorley	4	4
Simon Poidevin (appointed 7 December 2021)	2	2
Emma Ruge-Price (resigned 7 December 2021)	2	2

## Bonus Issue of Options

On 24 February 2021, the Board of Directors announced a one-for-one Bonus Option Issue to all shareholders of the Company, at no additional cost. A total of 70,066,409 options were allotted to eligible shareholders on 26 March 2021. Each WAM Active option provides holders with the opportunity, but not the obligation, to purchase one additional WAM Active share for \$1.10 per option, without paying brokerage fees. The options are currently trading on the ASX under the code WAAOA and expire on Monday 31 October 2022.

As at the date of this report, a total of 2,997,585 options has been exercised for a total consideration of \$3,297,341, with the remaining balance of outstanding options being 67,068,824.

## After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 3.0 cents per share to be paid on 28 October 2022.

In June 2022, WAM Active received a statement of claim filed in the Federal Court of Australia by Keybridge. Keybridge is seeking declarations to overturn the 249F Meeting result where 87.0% of WAM Active shareholders voted against the Keybridge Resolutions.

WAM Active wholly rejects the claim and filed its defence on 20 July 2022.

No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affects 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 macroeconomic 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

In September 2021, WAM Active was successful in opposing the appeal lodged by Keybridge which sought to overturn the Supreme Court's decision in the proceedings Keybridge commenced in 2020, and Keybridge was ordered to pay WAM Active and ASIC's costs of both the appeal and the original proceedings.

In June 2022, WAM Active received a statement of claim filed in the Federal Court of Australia by Keybridge. Keybridge is seeking declarations to overturn the 249F Meeting result where 87.0% of WAM Active shareholders voted against the Keybridge Resolutions.

WAM Active wholly rejects the claim and filed its defence on 20 July 2022.

## 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

### Non-audit services (cont'd)

- 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 2022 is provided on the Company's website at [wilsonassetmanagement.com.au](http://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 24<sup>th</sup> day of August 2022

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**Auditor's Independence Declaration  
To the Directors of WAM Active Limited  
ABN 49 126 420 719**

In relation to the independent audit of WAM Active Limited for the year ended 30 June 2022, 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

24 August 2022

## Statement of comprehensive income for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Net realised and unrealised (losses)/gains on financial investments		(16,654,115)	10,831,696
Other revenue from operating activities	2	1,000,838	1,276,630
Management fees		(719,722)	(580,373)
Performance fees		-	(1,812,417)
Directors fees		(80,205)	(80,000)
Brokerage expense on share purchases		(279,512)	(261,771)
Expenses paid on borrowed stock		-	(1,180)
Custody fees		(5,293)	(2,962)
ASX listing and CHESS fees		(64,812)	(62,204)
Share registry fees		(70,070)	(42,546)
Disbursements, mailing and printing		(23,736)	(16,100)
ASIC industry funding levy		(4,980)	(6,136)
Legal and professional fees		(260,866)	(484,992)
Other expenses from ordinary activities		(193,856)	(185,168)
<b>(Loss)/profit before income tax</b>		<b>(17,356,329)</b>	<b>8,572,477</b>
Income tax benefit/(expense)	3(a)	5,396,638	(2,301,871)
<b>(Loss)/profit after income tax attributable to members of the Company</b>		<b>(11,959,691)</b>	<b>6,270,606</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(11,959,691)</b>	<b>6,270,606</b>
<b>Basic and diluted (loss)/earnings per share</b>	14	<b>(16.25 cents)</b>	<b>11.72 cents</b>

The accompanying notes form part of these financial statements.

## Statement of financial position as at 30 June 2022

	Note	2022 \$	2021 \$
<b>Current assets</b>			
Cash and cash equivalents	12	5,442,070	14,922,854
Trade and other receivables	6	2,302,309	2,327,516
Financial assets	7	48,471,638	63,459,801
Current tax assets	3(c)	87,895	-
<b>Total current assets</b>		<b>56,303,912</b>	<b>80,710,171</b>
<b>Non-current assets</b>			
Deferred tax assets	3(b)	7,561,910	2,035,854
<b>Total non-current assets</b>		<b>7,561,910</b>	<b>2,035,854</b>
<b>Total assets</b>		<b>63,865,822</b>	<b>82,746,025</b>
<b>Current liabilities</b>			
Trade and other payables	8	2,531,215	6,062,527
Current tax liabilities	3(c)	-	139,426
<b>Total current liabilities</b>		<b>2,531,215</b>	<b>6,201,953</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3(d)	137,865	8,447
<b>Total non-current liabilities</b>		<b>137,865</b>	<b>8,447</b>
<b>Total liabilities</b>		<b>2,669,080</b>	<b>6,210,400</b>
<b>Net assets</b>		<b>61,196,742</b>	<b>76,535,625</b>
<b>Equity</b>			
Issued capital	9	77,836,624	76,802,356
Profits reserve	10	3,542,466	5,917,114
Accumulated losses	11	(20,182,348)	(6,183,845)
<b>Total equity</b>		<b>61,196,742</b>	<b>76,535,625</b>

The accompanying notes form part of these financial statements.



## Statement of changes in equity for the year ended 30 June 2022

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 1 July 2020</b>		<b>48,188,359</b>	<b>(5,704,811)</b>	<b>2,744,070</b>	<b>45,227,618</b>
Profit for the year		-	6,270,606	-	6,270,606
Transfer to profits reserve		-	(6,749,640)	6,749,640	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via share purchase plan	9(b)	12,653,713	-	-	12,653,713
Shares issued via placement	9(b)	12,637,645	-	-	12,637,645
Shares issued via dividend reinvestment plan	9(b)	507,496	-	-	507,496
Shares issued via exercise of options	9(b)	2,925,107	-	-	2,925,107
Shares issue costs (net of tax)	9(b)	(109,964)	-	-	(109,964)
Dividends paid	4(a)	-	-	(3,576,596)	(3,576,596)
<b>Balance at 30 June 2021</b>		<b>76,802,356</b>	<b>(6,183,845)</b>	<b>5,917,114</b>	<b>76,535,625</b>
Profit for the year		-	(11,959,691)	-	(11,959,691)
Transfer to profits reserve		-	(2,038,812)	2,038,812	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	9(b)	662,033	-	-	662,033
Shares issued via exercise of options	9(b)	372,235	-	-	372,235
Dividends paid	4(a)	-	-	(4,413,460)	(4,413,460)
<b>Balance at 30 June 2022</b>		<b>77,836,624</b>	<b>(20,182,348)</b>	<b>3,542,466</b>	<b>61,196,742</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows for the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		212,786,493	192,237,390
Payments for purchase of investments		(215,995,908)	(207,081,601)
Dividends received		924,961	756,046
Interest received		40,785	13,631
Other investment income received		1,751	442,471
Management fee (GST inclusive)		(793,263)	(592,431)
Performance fee (GST inclusive)		(1,945,033)	-
Brokerage expense on share purchases (GST inclusive)		(299,642)	(280,420)
Payments for administration expenses (GST inclusive)		(817,658)	(897,529)
Income tax paid		(227,321)	(2,220,095)
GST on brokerage expense on share sales		(19,762)	(15,515)
Net GST received from the ATO		243,005	75,298
<b>Net cash used in operating activities</b>	<b>13</b>	<b>(6,101,592)</b>	<b>(17,562,755)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares via exercise of options		372,235	2,925,107
Dividends paid – net of reinvestment		(3,751,427)	(3,069,100)
Proceeds from issue of shares via share purchase plan		-	12,653,713
Proceeds from issue of shares via placement		-	12,637,645
Share issue costs		-	(157,092)
<b>Net cash (used in)/provided by financing activities</b>		<b>(3,379,192)</b>	<b>24,990,273</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(9,480,784)</b>	<b>7,427,518</b>
Cash and cash equivalents at beginning of financial year		14,922,854	7,495,336
<b>Cash and cash equivalents at end of financial year</b>	<b>12</b>	<b>5,442,070</b>	<b>14,922,854</b>
<b>Non-cash transactions:</b>			
Shares issued via dividend reinvestment plan		662,033	507,496

The accompanying notes form part of these financial statements.

## Notes to the financial statements for the year ended 30 June 2022

### 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 Active is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 24 August 2022 by the Board of Directors.

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

Australian Accounting Standards set out 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 the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (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. There was no material impact to the financial statements.

#### a) Financial assets and financial liabilities

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a 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 to purchase or sell the assets.

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

## 1. Significant accounting policies (cont'd)

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

#### Classification and subsequent measurement

Financial assets and financial liabilities 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.

The Company classifies its financial assets and financial liabilities 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 is 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.

#### 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 the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

## 1. Significant accounting policies (cont'd)

### b) Income tax (cont'd)

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.

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.

### 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 their 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 2022, there are no expected credit losses recognised (2021: 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) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report 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 judgement. 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 judgements that have a material impact on the Company's financial results for the year ended 30 June 2022. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

### k) Profits reserve

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

### l) 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.

### m) Dividends

Dividends are recognised when declared during the financial year.

### n) New standards and interpretations not yet adopted

There are no new standards or interpretations not yet adopted that would have a material impact for the Company this financial period.

## 2. Other revenue

	2022 \$	2021 \$
Australian sourced dividends	868,814	806,908
Interest	83,231	27,933
Foreign sourced dividends	47,042	6,973
Underwriting fees	1,751	16,396
Trust distributions	-	286,152
Other income	-	132,268
	<b>1,000,838</b>	<b>1,276,630</b>

## 3. Income Tax

### a) Income tax (benefit)/expense

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

	2022 \$	2021 \$
Prima facie tax on (loss)/profit before income tax at 30% (2021: 30%)	(5,206,899)	2,571,743
Imputation credit gross up	83,598	111,578
Imputation credit offset	(278,660)	(371,927)
Foreign income tax gross up	1,089	391
Foreign income tax offset	-	(1,302)
Other non-assessable items*	4,234	(10,333)
Over provision in prior period	-	1,721
	<b>(5,396,638)</b>	<b>2,301,871</b>
Effective tax rate	(31.1%)	26.9%

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year, in addition to the tax benefit on the Company's loss for the period at the corporate tax rate of 30%. The decrease in the effective tax rate from the comparative year is reflective of the loss before income tax in comparison to the profit before income tax in the prior period, in addition to the lower proportion of franked dividends compared to the operating result for the year.

\*Other non-assessable items primarily relate to timing differences on franked dividends received.

### 3. Income Tax (cont'd)

#### a) Income tax (benefit)/expense (cont'd)

<b>Total income tax (benefit)/expense results in a:</b>	2022 \$	2021 \$
Current tax liability	(5,582,998)	3,087,232
Deferred tax asset	56,942	(36,044)
Deferred tax liability	129,418	(749,317)
	<b>(5,396,638)</b>	<b>2,301,871</b>

#### b) Deferred tax assets

	2022 \$	2021 \$
Provisions	11,103	9,124
Capitalised share issue costs	30,119	40,159
Tax losses	7,520,688	1,937,689
Fair value adjustments	-	48,882
	<b>7,561,910</b>	<b>2,035,854</b>

#### Movement in deferred tax assets

Balance at the beginning of the year	2,035,854	1,952,684
(Charged)/credited to the statement of comprehensive income	(56,942)	36,044
Tax losses transferred from current tax liabilities	5,582,998	-
Capitalised share issue costs	-	47,126
At reporting date	<b>7,561,910</b>	<b>2,035,854</b>

The Directors consider it probable that future taxable profits will be available against which the \$7,520,688 (2021: \$1,937,689) 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.

#### c) Current tax (assets)/liabilities

	2022 \$	2021 \$
Balance at the beginning of the year	139,426	(727,711)
Current year income tax on operating (loss)/profit	(5,582,998)	3,087,232
Transfer tax losses to deferred tax asset	5,582,998	-
Net income tax paid	(227,321)	(2,220,095)
At reporting date	<b>(87,895)</b>	<b>139,426</b>



### 3. Income Tax (cont'd)

#### d) Deferred tax liabilities

	2022 \$	2021 \$
Fair value adjustments	127,916	-
Income provisions	9,949	8,447
	<b>137,865</b>	<b>8,447</b>
<b>Movement in deferred tax liabilities</b>		
Balance at the beginning of the year	8,447	757,764
Charged/(credited) to the statement of comprehensive income	129,418	(749,317)
At reporting date	<b>137,865</b>	<b>8,447</b>

### 4. Dividends

#### a) Ordinary dividends paid during the year

	2022 \$	2021 \$
Final dividend FY2021: 3.0 cents per share fully franked at 30% tax rate, paid 29 October 2021 (Final dividend FY2020: 3.0 cents per share fully franked)	2,199,047	1,398,609
Interim dividend FY2022: 3.0 cents per share fully franked at 30% tax rate, paid 27 May 2022 (Interim dividend FY2021: 3.0 cents per share fully franked)	2,214,413	2,177,987
	<b>4,413,460</b>	<b>3,576,596</b>

#### b) Dividends not recognised at year end

	2022 \$	2021 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 3.0 cents per share fully franked final dividend (2021: 3.0 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	<b>2,225,339</b>	<b>2,195,198</b>

#### c) Dividend franking account

	2022 \$	2021 \$
Balance of franking account at year end	199,816	1,585,317
Adjusted for franking credits arising from: - Estimated income tax (refundable)/payable	(87,895)	139,426
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(953,717)	(940,799)
	<b>(841,796)</b>	<b>783,944</b>

## 4. Dividends (cont'd)

### c) Dividend franking account (cont'd)

The Company's ability to continue to pay 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.

## 5. Auditor's remuneration

	2022 \$	2021 \$
<b>Remuneration of the auditor of the Company for:</b>		
Auditing or reviewing the financial report	45,494	44,409
<b>Other services provided by a related practice of the auditor:</b>		
Taxation services	8,415	8,030
	<b>53,909</b>	<b>52,439</b>

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

	2022 \$	2021 \$
Outstanding settlements	2,094,671	1,991,513
Trade debtors	119,095	96,161
Investment income receivable	68,270	77,375
GST receivable	20,273	162,467
	<b>2,302,309</b>	<b>2,327,516</b>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require the 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

	2022 \$	2021 \$
Listed investments at fair value	47,493,179	60,394,525
Unlisted investments at fair value	978,459	3,065,276
	<b>48,471,638</b>	<b>63,459,801</b>

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

## 8. Trade and other payables

	2022 \$	2021 \$
Outstanding settlements	2,355,105	3,837,856
Sundry payables	126,756	209,406
Management fee payable	49,354	70,232
Performance fee payable	-	1,945,033
	<b>2,531,215</b>	<b>6,062,527</b>

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.

## 9. Issued capital

### a) Paid-up capital

	2022 \$	2021 \$
74,177,980 ordinary shares fully paid (2021: 73,173,266)	<b>77,836,624</b>	<b>76,802,356</b>

### b) Ordinary shares

	2022 \$	2021 \$
Balance at the beginning of the year 73,173,266 ordinary shares fully paid (2021: 46,620,288)	76,802,356	48,188,359
302,097 ordinary shares issued on 29 October 2021 under a dividend reinvestment plan	317,647	-
364,221 ordinary shares issued on 27 May 2022 under a dividend reinvestment plan	344,386	-
338,396 ordinary shares issued from the exercise of options at \$1.10 per option	372,235	-
185,808 ordinary shares issued on 30 October 2020 under a dividend reinvestment plan	-	200,571
11,716,401 ordinary shares issued on 25 March 2021 under a share purchase plan	-	12,653,713
11,701,523 ordinary shares issued on 25 March 2021 under a placement	-	12,637,645
290,057 ordinary shares issued on 28 May 2021 under a dividend reinvestment plan	-	306,925
2,659,189 ordinary shares issued from the exercise of options at \$1.10 per option	-	2,925,107
Share issue costs (net of tax)	-	(109,964)
At reporting date	<b>77,836,624</b>	<b>76,802,356</b>

## 9. Issued capital (cont'd)

### b) Ordinary shares (cont'd)

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 the 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, management 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.

### d) Options

On 24 February 2021, the Board of Directors announced a one-for-one Bonus Option Issue to all shareholders of the Company, at no additional cost. A total of 70,066,409 options were allotted to eligible shareholders on 26 March 2021. Each WAM Active option provides holders with the opportunity, but not the obligation, to purchase one additional WAM Active share for \$1.10 per option, without paying brokerage fees. The options are currently trading on the ASX under the code WAAOA and expire on Monday 31 October 2022.

As at the date of this report, a total of 2,997,585 options has been exercised for a total consideration of \$3,297,341, with the remaining balance of outstanding options being 67,068,824.

## 10. Profits reserve

	2022 \$	2021 \$
Profits reserve	<b>3,542,466</b>	<b>5,917,114</b>

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

	2022 \$	2021 \$
<b>Movement in profits reserve</b>		
Balance at the beginning of the year	5,917,114	2,744,070
Transfer of profits during the year	2,038,812	6,749,640
Final dividend paid (refer to note 4(a))	(2,199,047)	(1,398,609)
Interim dividend paid (refer to note 4(a))	(2,214,413)	(2,177,987)
At reporting date	<b>3,542,466</b>	<b>5,917,114</b>

## 11. Accumulated losses

	2022 \$	2021 \$
Balance at the beginning of the year	(6,183,845)	(5,704,811)
Transfer to profits reserve	(2,038,812)	(6,749,640)
(Loss)/profit for the year attributable to members of the Company	(11,959,691)	6,270,606
At reporting date	<b>(20,182,348)</b>	<b>(6,183,845)</b>

## 12. 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:

	2022 \$	2021 \$
Cash at bank	5,442,070	14,922,854
	<b>5,442,070</b>	<b>14,922,854</b>

The weighted average interest rate for cash as at 30 June 2022 is 0.97% (2021: 0.23%). There were no term deposits held at 30 June 2022 (2021: nil).

## 13. Cash flow information

	2022 \$	2021 \$
<b>Reconciliation of operating (loss)/profit after income tax:</b>		
(Loss)/profit after income tax	(11,959,691)	6,270,606
Fair value losses/(gains) and movements in financial assets	13,402,254	(25,690,209)
<b>Changes in assets and liabilities:</b>		
Decrease/(increase) in receivables	128,365	(290,208)
(Increase)/decrease in current tax assets	(87,895)	727,711
Increase in deferred tax assets	(5,526,056)	(36,042)
(Decrease)/increase in payables	(2,048,561)	2,065,278
(Decrease)/increase in current tax liabilities	(139,426)	139,426
Increase/(decrease) in deferred tax liabilities	129,418	(749,317)
Net cash used in operating activities	<b>(6,101,592)</b>	<b>(17,562,755)</b>

## 14. Earnings per share

	2022 Cents per share	2021 Cents per share
Basic and diluted (loss)/earnings per share	(16.25)	11.72

	2022 \$	2021 \$
(Loss)/profit after income tax used in the calculation of basic and diluted (loss)/earnings per share	(11,959,691)	6,270,606

	2022 No.	2021 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted (loss)/earnings per share	73,603,737	53,487,693

The Company currently has outstanding options which have the potential to convert to ordinary shares. As the average share price during the year is less than the option exercise price, they are currently not dilutive in amount and therefore have not been considered for the diluted earnings per share calculation.

## 15. 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 on the Statement of financial position, is the carrying amount net of any expected credit losses of those assets.

## 15. Financial risk management (cont'd)

### a) Credit risk (cont'd)

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 2022.

None of the assets exposed to 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 and the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

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.

## 15. Financial risk management (cont'd)

### b) Liquidity risk (cont'd)

30 June 2022	>1 month \$	<1 month \$	Total \$
<b>Liabilities</b>			
Trade and other payables	-	2,531,215	2,531,215
<b>Total</b>	<b>-</b>	<b>2,531,215</b>	<b>2,531,215</b>
<hr/>			
30 June 2021	>1 month \$	<1 month \$	Total \$
<b>Liabilities</b>			
Trade and other payables	-	6,062,527	6,062,527
<b>Total</b>	<b>-</b>	<b>6,062,527</b>	<b>6,062,527</b>

### 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 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 it did not hold any term deposits at the end of period. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.



## 15. Financial risk management (cont'd)

### c) Market risk (cont'd)

#### (i) Interest rate risk (cont'd)

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:

30 June 2022	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	0.97%	5,442,070	-	5,442,070
Trade and other receivables		-	2,302,309	2,302,309
Financial assets		-	48,471,638	48,471,638
<b>Total</b>		<b>5,442,070</b>	<b>50,773,947</b>	<b>56,216,017</b>
<b>Liabilities</b>				
Trade and other payables		-	2,531,215	2,531,215
<b>Total</b>		<b>-</b>	<b>2,531,215</b>	<b>2,531,215</b>

30 June 2021	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	0.23%	14,922,854	-	14,922,854
Trade and other receivables		-	2,327,516	2,327,516
Financial assets		-	63,459,801	63,459,801
<b>Total</b>		<b>14,922,854</b>	<b>65,787,317</b>	<b>80,710,171</b>
<b>Liabilities</b>				
Trade and other payables		-	6,062,527	6,062,527
<b>Total</b>		<b>-</b>	<b>6,062,527</b>	<b>6,062,527</b>

#### (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.

## 15. 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 2022 is as below:

Industry sector	2022 %	2021 %
Financials	19.6	17.1
Industrials	13.8	9.1
Materials	12.6	14.1
Communication services	11.5	9.8
Consumer staples	9.5	1.0
Information technology	7.3	6.1
Consumer discretionary	5.8	15.1
Health care	4.4	3.3
Energy	4.3	3.3
Real estate	1.2	3.8
<b>Total</b>	<b>90.0</b>	<b>82.7</b>

Securities representing over 5 per cent of the gross assets of the Company as at 30 June 2022 are set out below:

Company name	2022 %
Keybridge Capital Limited	8.0
AMP Limited	5.3

Securities representing over 5 per cent of the gross assets of the Company as at 30 June 2021 are set out below:

Company name	2021 %
Keybridge Capital Limited	5.5

## 15. Financial risk management (cont'd)

### c) Market risk (cont'd)

#### (ii) Other price risk (cont'd)

##### 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 market risk. This analysis demonstrates the effect on current year net assets after tax as a result of a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 90.0% (2021: 82.7%) of gross assets at year end. At reporting date, if the fair value of each of the investments within the portfolio changed by 5%, the impact on the Company's profit or loss after tax would have been an increase/decrease by \$1,696,507 (2021: \$2,221,093). This would result in the 30 June 2022 net asset backing after tax moving by 2.3 cents per share (2021: 3.0 cents per share).

### 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 value 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 convertible notes which settle after 30 June 2022 and unlisted investments. The fair value of the convertible notes have been recognised using the effective interest rate method inherent in the instrument. 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 have been used to determine fair value for the unlisted investments.

During the year, WAM Active's investment in Iris Energy Limited's convertible note was converted into ordinary shares following its initial public offering on the NASDAQ stock exchange. As a result, the investment was transferred from Level 2 to Level 1 in the fair value hierarchy. Also during the year, PEXA Group Limited was listed on the ASX and subsequently transferred from Level 2 to Level 1 in the fair value hierarchy.

There were no other transfers between Level 1 and Level 2 during the period (2021: one investment was transferred from Level 1 to Level 2 as a result of the investment being in the process of being wound up).

## 15. 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 2022:

30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	47,493,179	978,459	-	48,471,638
<b>Total</b>	<b>47,493,179</b>	<b>978,459</b>	<b>-</b>	<b>48,471,638</b>

30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	60,394,525	3,065,276	-	63,459,801
<b>Total</b>	<b>60,394,525</b>	<b>3,065,276</b>	<b>-</b>	<b>63,459,801</b>

## 16. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 4,405 (2021: 4,419). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$593,195 (2021: \$519,703).

## 17. Segment reporting

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

## 18. Capital commitments

There were no capital commitments for the Company as at 30 June 2022 (2021: no capital commitments).

## 19. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2022 (2021: no contingent liabilities).

## 20. Key management personnel compensation

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

- Geoff Wilson AO Chairman
- Kate Thorley Director
- Karina Kwan Director
- Simon Poidevin AM Director (appointed 7 December 2021)
- Emma Rugge-Price Director (resigned 7 December 2021)

### a) Remuneration

There are no executives that are paid by the Company. Individual Directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on page 23, 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 2022	72,915	7,290	<b>80,205</b>
Total Directors remuneration paid by the Company for the year ended 30 June 2021	73,058	6,942	<b>80,000</b>

### b) Share and option holdings

At 30 June 2022, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2021	Acquisitions	Disposed	Balance at 30 June 2022
Geoff Wilson	1,268,080	-	-	1,268,080
Kate Thorley	87,184	-	-	87,184
Karina Kwan	-	-	-	-
Simon Poidevin (appointed 7 December 2021)	-	-	-	-
Emma Rugge-Price*	-	-	-	-
	<b>1,355,264</b>	<b>-</b>	<b>-</b>	<b>1,355,264</b>

Options held Directors	Balance at 30 June 2021	Acquisitions	Options exercised/disposed	Balance at 30 June 2022
Geoff Wilson	1,268,080	-	-	1,268,080
Kate Thorley	87,184	-	-	87,184
Karina Kwan	-	-	-	-
Simon Poidevin (appointed 7 December 2021)	-	-	-	-
Emma Rugge-Price*	-	-	-	-
	<b>1,355,264</b>	<b>-</b>	<b>-</b>	<b>1,355,264</b>

## 20. Key management personnel compensation (cont'd)

### b) Share and option holdings (cont'd)

At 30 June 2021, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions	Disposed	Balance at 30 June 2021
Geoff Wilson	1,240,303	27,777	-	1,268,080
Kate Thorley	66,809	20,375	-	87,184
Karina Kwan	-	-	-	-
Emma Rugge-Price*	-	-	-	-
	<b>1,307,112</b>	<b>48,152</b>	<b>-</b>	<b>1,355,264</b>

Options held Directors	Balance at 30 June 2020	Bonus issue allotment/acquisitions	Options exercised/disposed	Balance at 30 June 2021
Geoff Wilson	-	1,268,080	-	1,268,080
Kate Thorley	-	87,184	-	87,184
Karina Kwan	-	-	-	-
Emma Rugge-Price*	-	-	-	-
	<b>-</b>	<b>1,355,264</b>	<b>-</b>	<b>1,355,264</b>

\*Emma Rugge-Price resigned as Director of WAM Active Limited on 7 December 2021. On resignation, Emma held nil ordinary shares and nil options in the Company.

Directors and Director related entities disposed of and acquired ordinary shares and options 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.

## 21. 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 MAM Pty Limited. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active, part of the Wilson Asset Management Group. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$772,385 inclusive of GST (2021: \$622,840). At 30 June 2022, the balance payable to the Manager was \$49,354 Inclusive of GST (2021: \$70,232).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the gross value of the portfolio above the high-water mark.

## 21. Related party transactions (cont'd)

The high-water mark is the greater of:

- the highest gross value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus.

If the gross value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered. At 30 June 2022, there was no performance fee payable to the Manager (2021: \$1,945,033).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Active to provide accounting and company secretarial services on commercial terms. For the year ended 30 June 2022, the fee for accounting services amounted to \$46,200 inclusive of GST (2021: \$46,200) and the fee for company secretarial services amounted to \$16,500 inclusive of GST (2021: \$16,500).

Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

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.

## 22. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 3.0 cents per share to be paid on 28 October 2022.

In June 2022, WAM Active received a statement of claim filed in the Federal Court of Australia by Keybridge. Keybridge is seeking declarations to overturn the 249F Meeting result where 87.0% of WAM Active shareholders voted against the Keybridge Resolutions.

WAM Active wholly rejects the claim and filed its defence on 20 July 2022.

No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affects 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 Active 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 23 to 25, 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 2022 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, MAM 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 24<sup>th</sup> day of August 2022



**Independent Auditor's Report  
To the Members of WAM Active Limited  
ABN 49 126 420 719**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of WAM Active Limited ("the Company"), which comprises the statement of financial position as at 30 June 2022, 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 Active 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 2022 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.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<p><b>Existence and Valuation of Financial Assets</b> <b>Refer to Note 7: Financial Assets</b></p>	
<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 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"> <li>▪ Obtaining an understanding of and evaluating the design of the investment management processes and controls;</li> <li>▪ Reviewing and evaluating the independent auditor's report on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodian;</li> <li>▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's report relate to and obtaining a bridging letter;</li> <li>▪ Obtaining confirmation of the investment holdings directly from the Custodian;</li> <li>▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent observable pricing sources and inputs;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<p><b>Accuracy of Management and Performance Fees</b>  <b>Refer to Note 8: Trade and other payables and Note 21: Related party transactions</b></p>	
<p>We focused our audit effort on the accuracy 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 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"> <li>▪ Obtaining an understanding of and evaluating the design of the processes and controls for calculating the management and performance fees;</li> <li>▪ 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;</li> <li>▪ 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;</li> <li>▪ Testing of key inputs including the value of the portfolio and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and</li> <li>▪ Assessing the adequacy of disclosures made in the financial statements.</li> </ul>

*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 2022, 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 23 to 25 of the Directors' Report for the year ended 30 June 2022. In our opinion, the Remuneration Report of WAM Active Limited, for the year ended 30 June 2022, 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.



Scott Whiddett  
Partner



Pitcher Partners  
Sydney

24 August 2022

## Investments at fair value as at 30 June 2022

Company Name	Code	Fair Value \$	% of Gross Assets	Company Name	Code	Fair Value \$	% of Gross Assets
<b>Financials</b>				<b>Information technology</b>			
Keybridge Capital Limited	KBC	4,283,071	8.0%	Codan Limited	CDA	1,550,973	2.9%
AMP Limited	AMP	2,865,425	5.3%	Hansen Technologies Limited	HSN	1,496,960	2.8%
Steadfast Group Limited	SDF	2,143,846	4.0%	Data#3 Limited	DTL	653,835	1.2%
Xpansiv CBL Holding Group Limited <sup>*</sup>	n/a	614,524	1.1%	Packform Pty Limited <sup>*</sup>	n/a	233,791	0.4%
Virgin Money UK PLC	VUK	528,079	1.0%	Audinate Group Limited	AD8	2,443	0.0%
HHY Fund	HHY	77,032	0.1%			<b>3,938,002</b>	<b>7.3%</b>
Ask Funding Limited <sup>*</sup>	n/a	36,099	0.1%	<b>Consumer discretionary</b>			
DMX Corporation Limited <sup>*</sup>	n/a	17,000	0.0%	Premier Investments Limited	PMV	885,399	1.6%
		<b>10,565,076</b>	<b>19.6%</b>	Propel Funeral Partners Limited	PFP	777,555	1.4%
<b>Industrials</b>				IDP Education Limited	IEL	751,378	1.4%
ALS Limited	ALQ	1,833,478	3.4%	Corporate Travel Management Limited	CTD	530,728	1.1%
Seven Group Holdings Limited	SVW	1,677,245	3.1%	Bapcor Limited	BAP	155,308	0.3%
Downer EDI Limited	DOW	1,410,268	2.6%			<b>3,100,368</b>	<b>5.8%</b>
Ventia Services Group Limited	VNT	1,136,135	2.1%	<b>Health care</b>			
Smartgroup Corporation Limited	SIQ	718,505	1.3%	Capitol Health Limited	CAJ	1,207,843	2.2%
Mainfreight Limited	MFT NZ	594,281	1.2%	ResMed Inc	RMD	1,153,300	2.2%
Chrysos Corporation Limited	C79	58,006	0.1%			<b>2,361,143</b>	<b>4.4%</b>
		<b>7,427,918</b>	<b>13.8%</b>	<b>Energy</b>			
<b>Materials</b>				Paladin Energy Limited	PDN	839,029	1.6%
DGL Group Limited	DGL	1,247,871	2.3%	Stanmore Resources Limited	SMR	550,186	1.0%
Mineral Resources Limited	MIN	1,164,176	2.2%	Karoon Energy Limited	KAR	503,906	0.9%
Emerald Resources NL	EMR	1,006,938	1.9%	MMA Offshore Limited	MRM	434,742	0.8%
Mincor Resources NL	MCR	745,568	1.4%			<b>2,327,863</b>	<b>4.3%</b>
Champion Iron Limited	CIA	703,093	1.3%	<b>Real estate</b>			
Centaurus Metals Limited	CTM	570,756	1.1%	PEXA Group Limited	PXA	558,086	1.0%
James Hardie Industries PLC	JHX	552,576	1.0%	Sunland Group Limited	SDG	96,473	0.2%
Capricorn Metals Limited	CMM	381,985	0.6%			<b>654,559</b>	<b>1.2%</b>
Sandfire Resources Limited	SFR	266,230	0.5%	<b>Total long portfolio</b>			
Widgie Nickel Limited	WIN	153,353	0.3%			<b>48,471,638</b>	<b>90.0%</b>
		<b>6,792,546</b>	<b>12.6%</b>	<b>Total cash, income receivable and net outstanding settlements</b>			
<b>Communication services</b>						<b>5,389,274</b>	<b>10.0%</b>
oOh!Media Limited	OML	2,509,569	4.7%	<b>Gross assets</b>			
carsales.com Limited	CAR	1,228,139	2.3%			<b>53,860,912</b>	
Tuas Limited	TUA	1,081,063	2.0%	<i><sup>*</sup>Unlisted investment.</i>			
TPG Telecom Limited	TPG	1,079,537	2.0%	<i><sup>*</sup>Unlisted convertible note.</i>			
Swoop Holdings Limited	SWP	291,332	0.5%	<i>The total number of stocks held at the end of the financial year was 52.</i>			
		<b>6,189,640</b>	<b>11.5%</b>				
<b>Consumer staples</b>							
Costa Group Holdings Limited	CGC	2,120,270	3.9%				
Select Harvests Limited	SHV	1,643,797	3.1%				
Cobram Estate Olives Limited	CBO	810,610	1.5%				
Elders Limited	ELD	539,846	1.0%				
		<b>5,114,523</b>	<b>9.5%</b>				

## ASX additional information

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

### Shareholdings

**Substantial shareholders (at 31 July 2022)** - there are currently no substantial shareholders.

**On-market buy back (at 31 July 2022)** - there is no current on-market buy back.

### Distribution of shareholders (as at 31 July 2022)

Category	Number of shareholders	Percentage of issued capital held	Number of option holders	Percentage of options held
1 – 1,000	264	0.2%	151	0.1%
1,001 – 5,000	545	2.2%	362	1.7%
5,001 – 10,000	458	5.1%	260	3.1%
10,001 – 100,000	1,295	58.8%	809	40.1%
100,001 and over	111	33.7%	79	55.0%
	<b>2,673</b>	<b>100.0%</b>	<b>1,661</b>	<b>100.0%</b>

The number of shareholders holding less than a marketable parcel is 144.

### Twenty largest shareholders – Ordinary shares (as at 31 July 2022)

Name	Number of ordinary shares held	% of issued capital held
Keybridge Capital Limited	3,101,358	4.2%
Entities associated with Mr Geoff Wilson	1,268,080	1.7%
HSBC Custody Nominees (Australia) Limited	967,055	1.3%
Netwealth Investments Limited	700,317	0.9%
I & R Simpson Super Pty Limited	505,409	0.7%
Citicorp Nominees Pty Limited	499,031	0.7%
Guwarra Pty Limited	466,032	0.6%
Edington Pty Limited	461,000	0.6%
Mr R Miller	400,000	0.5%
Ichiban Superannuation Pty Limited	400,000	0.5%
Vohra Holdings Pty Limited	377,777	0.5%
Mrs S Meats	371,014	0.5%
Mr PM Antaw & Mrs VM Antaw	312,475	0.4%
Bevels Investments & Services Pty Limited	300,000	0.4%
B W Rofe Pty Limited	300,000	0.4%
Bradstock Pty Limited	265,000	0.4%
Mrs EC Robertson	260,462	0.4%
Lake Milang Pty Limited	256,881	0.3%
BNP Paribas Nominees Pty Limited	256,708	0.3%
Distad Pty Limited	255,000	0.3%
	<b>11,723,599</b>	<b>15.6%</b>

**Twenty largest option holders – Options (as at 31 July 2022)**

Name	Number of options held	% of options held
BNP Paribas Nominees Pty Limited	16,546,867	24.7%
Keybridge Capital Limited	1,978,604	3.0%
Entities associated with Mr Geoff Wilson	1,268,080	1.7%
Mr DE Igglesden & Mrs SJ Igglesden	1,060,000	1.6%
Mr CA Bieber	1,000,000	1.5%
Mr TG Robertson	747,686	1.1%
HSBC Custody Nominees (Australia) Limited	736,457	1.1%
I & R Simpson Super Pty Limited	695,534	0.9%
Tulloch Equities Pty Limited	545,866	0.8%
Netwealth Investments Limited	528,908	0.7%
Edington Pty Limited	461,000	0.7%
Stewart Investments WA Pty Limited	415,034	0.6%
Vohra Holdings Pty Limited	377,777	0.6%
Mrs S Meats	371,014	0.6%
Tiger Lane Pty Limited	362,223	0.5%
Frank Sauer & Sons Holdings Pty Limited	326,071	0.5%
Mr DR Hume	302,702	0.5%
Mrs EC Robertson	260,462	0.4%
Bradstock Pty Limited	257,777	0.4%
Trans Pacific Investments Pty Limited	250,856	0.4%
	<b>28,492,918</b>	<b>42.3%</b>

**Stock Exchange Listing**

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



# Wilson

## Asset Management

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