

WAM ALTERNATIVE ASSETS LIMITED

ABN 47 168 941 704

Appendix 4D Half Year Report

for the half year ended 31 December 2022

Results for Announcement to the Market

All comparisons to the half year ended 31 December 2021

	\$	up/down	% mvmt
Revenue from ordinary activities	9,635,977	down	42.7%
Profit from ordinary activities before income tax expense	7,813,809	down	48.2%
Net profit from ordinary activities after income tax expense	6,550,505	down	42.7%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2023 Interim dividend cents per share	2.5c	2.5c	25.0%
2022 Final dividend cents per share	2.0c	2.0c	25.0%

Interim dividend dates

Ex dividend date	17 April 2023
Record date	18 April 2023
Last election date for the DRP	20 April 2023
Payment date	28 April 2023

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked interim dividend of 2.5 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 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. The DRP will operate without a discount for the interim dividend.

	31 Dec 22	31 Dec 21
Net tangible asset backing (after tax) per share	\$1.21	\$1.18

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2022 Annual Financial Report.

W | A | M *Alternative Assets*

Financial Report

For the half year ended 31 December 2022

W Wilson
Asset Management

OVER **20** Making a
YEARS difference

ABN 47 168 941 704

WAM Alternative Assets Limited

WAM Alternative Assets Limited (WAM Alternative Assets or the Company) is a listed investment company and is a reporting entity. The principle activity of the Company is to provide retail investors with exposure to a portfolio of real assets, private equity, real estate and infrastructure assets. The Company's investment portfolio includes commitments to private debt assets.

Directors

Michael Cottier (Chairman)
Geoff Wilson AO
John Baillie
Kym Evans
Adrian Siew

Company Secretary

Jesse Hamilton

Investment Manager

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

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

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1 Farrer Place
Sydney NSW 2000

Contact Details

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Share Registry

Automic Pty Limited
Level 5, 126 Phillip Street
Sydney NSW 2000
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E: wilsonam@automic.com.au

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 Alternative Assets Limited
Ordinary Shares (WMA)

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Directors' Report to shareholders for the half year ended 31 December 2022

The Directors present their report together with the financial report of WAM Alternative Assets Limited for the half year ended 31 December 2022.

Directors

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

Michael Cottier (Chairman – Independent)

Geoff Wilson AO (Director – Non-Independent)

John Baillie (Director – Independent)

Kym Evans (Director – Independent)

Adrian Siew (Director – Non-Independent)

Principal activity

The principal activity of the Company is to provide retail investors with exposure to a portfolio of real assets, private equity, real estate and infrastructure assets. The Company's investment portfolio includes commitments to private debt assets. The Company's investment objectives are to deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits to shareholders. No change in this activity took place during the period or is likely to in the future.

Operating and financial review

Investment operations during the half year resulted in an operating profit before tax of \$7,813,809 (2021: \$15,076,142) and an operating profit after tax of \$6,550,505 (2021: \$11,425,491). The profit for the period is reflective of the sound performance of the investment portfolio, which increased 4.0% over the six months to 31 December 2022. The profit in the prior period was largely driven by the performance of water entitlements within the investment portfolio, in addition to the successful exit of the QFS Fund. At 31 December 2022, the Company's investment portfolio had a cash weighting of 45.3%, including total capital commitments to new and existing investment partners of 31.3%. During the period, a number of exits were successfully completed in the investment portfolio, with the majority of exit proceeds received being above or around their most recent carrying value in the Company's investment portfolio. Exit proceeds received during the period have provided additional capital to deploy as we continue to implement our revitalisation strategy for the investment portfolio.

Within the private equity asset class, exits were achieved in the Shopper Media Group Funds (\$17,875,017), Energy Storage Fund (\$8,198,058) and VC2014 Fund (\$560,000). The underlying asset in the Shopper Media Group Funds, managed by Fortitude Investment Partners, is a digital, out-of-home, offline-media company in Australia that offers targeted shopper advertising through a national screen network of more than 2,000 screens in more than 420 shopping centres. The underlying asset in the Energy Storage Fund, managed by RBP Investment Partners, is a battery storage developer based in the United States that develops, owns and manages advanced utility-scale front-of-meter energy storage systems in California. Our investment partner January Capital successfully completed the secondary sale of two underlying portfolio assets in the VC2014 fund, a portfolio of venture capital investments.

Within the private real estate asset class, the underlying property in the Revesby Industrial Income Fund, an industrial food production and warehouse facility at Revesby, NSW managed by Centennial Property Group, was also sold (\$4,795,948).

The Company's investment portfolio has continued to execute on its rigorous investment process and revitalisation strategy. As part of the revitalisation strategy, Wilson Asset Management is also reviewing and rebalancing the investment portfolio to deliver on its investment objectives for shareholders. WAM Alternative Assets previously announced plans to gradually reduce its exposure to the Argyle Water Fund towards a target of between 15% and 20%, as part of the revitalisation strategy. The exposure as at 31 December 2022 is 27.2% (June 2022: 35.4%). In January 2023, the Company's investment portfolio redeemed \$10,000,000 of its investment in the Argyle Water Fund, reducing its exposure to 22.9%. This re-positioning has enabled WAM Alternative Assets to enter into new investment opportunities in other asset classes.

During the period, WAM Alternative assets committed \$10,000,000 of capital to the Palisade Renewable Energy Fund, \$10,000,000 of capital to the Intermediate Capital Group Australian Senior Loan Fund and \$3,055,000 of capital to Aged Care Decisions via a co-investment with Fortitude Investment Partners. The Palisade Renewable Energy Fund is one of the largest renewable energy platforms in Australia, which provides investors with access to \$2 billion of renewable energy generating assets and is diversified by fuel source (wind and solar) and geography, with sites in South Australia, Queensland, Victoria and Tasmania. The Intermediate Capital Group Australian Senior Loan Fund targets investments in senior secured loans to established Australian and New Zealand based businesses, with leading market positions and strong management teams. Aged Care Decisions is Australia's leading end-to-end residential and home care placement and support services platform, which helps a growing number of families navigate the increasingly complex aged care and disability care markets.

In January 2023, WAM Alternative Assets committed \$15,000,000 to its new investment partner, Crescent Capital Partners, in the Crescent Capital Partners Fund VII. Crescent Capital Partners Fund VII is a private equity fund targeting mid-market growth buyout transactions across Australia and New Zealand. WAM Alternative Assets looks forward to deploying the capital commitment in the fund.

The operating profit for the period includes unrealised gains or losses arising from changes in the fair value of the investments held in the investment 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 period is reflective of the underlying investment portfolio performance. Alternative asset classes traditionally have a low correlation to equity markets, and provide investors with exposure to long-term investment strategies and strong diversification benefits. 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.

WAM Alternative Assets' pre-tax NTA increased 1.8% in the six months to 31 December 2022, including the 2.0 cents per share fully franked final dividend paid to shareholders during the period.

This increase is after corporate tax paid of 1.6 cents per share or 1.3% of the Company's pre-tax NTA during the period. Corporate tax payments made throughout the period was the major item of difference between the investment portfolio performance increase of 4.0% and the NTA performance. 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 period were management fees of 0.5%, other company-related expenses of 0.2%, non-recurring expenses of 0.1% and capital raising decrement of 0.1%.

The NTA before tax as at 31 December 2022 amounted to \$1.24 per share (June 2022: \$1.24). The NTA after tax was \$1.21 per share (June 2022: \$1.19). These figures are after the 2.0 cents per share fully franked final dividend paid to shareholders during the period.

The total shareholder return for the Company for the period to 31 December 2022 was 6.3%. This was reflective of the sound investment portfolio performance and the narrowing of the share price discount to NTA. As at 31 December 2022, the share price discount to NTA was 12.9% (June 2022: discount of 16.4%). This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

Dividends

The Board declared a fully franked interim dividend of 2.5 cents per share, representing a 25.0% increase on the FY2022 fully franked interim dividend, to be paid on 28 April 2023. A fully franked final dividend of 2.0 cents per share was paid during the period. As at 31 December 2022, the Company had 19.2 cents per share available in its profits reserve before the payment of the fully franked interim dividend of 2.5 cents per share, and 16.7 cents per share after the payment of the fully franked interim dividend.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profits reserves and franking credits, and it is within prudent business practices. The Company's ability to continue paying franked dividends is dependent on generating additional profits reserves and franking credits. The ability to generate franking credits is reliant on upon the payment of tax on profits from the Company's operations and exits from existing investments and the receipt of franked distributions from underlying investments.

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.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 8 of this Financial Report.

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



Michael Cottier

Chairman

Dated this 22nd day of February 2023

Pitcher Partners Sydney Partnership

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**Auditor's Independence Declaration
To the Directors of WAM Alternative Assets Limited
ABN 47 168 941 704**

In relation to the independent auditor's review of WAM Alternative Assets Limited for the half year ended 31 December 2022, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor 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

22 February 2023

Statement of comprehensive income for the half year ended 31 December 2022

	Note	December 2022 \$	December 2021 \$
Net realised and unrealised gains on financial investments		5,420,592	13,660,558
Other revenue from operating activities	2	4,215,385	3,150,376
Management fees		(1,253,060)	(1,182,268)
Directors fees		(96,687)	(96,250)
Investment Committee fees		(49,725)	(49,500)
ASX listing and CHESSE fees		(42,952)	(41,928)
Share registry fees		(25,521)	(32,537)
Disbursements, mailing and printing		(17,829)	(20,159)
Legal and professional fees		(25,752)	(845)
Audit fees		(107,441)	(107,615)
Accounting fees		(35,750)	(35,750)
Company Secretary fees		(8,250)	(8,250)
Other expenses from ordinary activities		(159,201)	(159,690)
Profit before income tax		7,813,809	15,076,142
Income tax expense		(1,263,304)	(3,650,651)
Profit after income tax attributable to members of the Company	6	6,550,505	11,425,491
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		6,550,505	11,425,491
Basic and diluted earnings per share		3.37 cents	5.89 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2022

	Note	December 2022 \$	June 2022 \$
Current assets			
Cash and cash equivalents		108,175,822	64,936,568
Trade and other receivables		1,542,824	1,873,603
Financial assets	7	208,128,200	233,820,384
Other assets		569,321	600,565
Total current assets		318,416,167	301,231,120
Non-current assets			
Deferred tax assets		52,831	74,712
Total non-current assets		52,831	74,712
Total assets		318,468,998	301,305,832
Current liabilities			
Trade and other payables		426,551	3,121,991
Uncalled capital commitments	8	75,739,053	57,340,374
Current tax liabilities		5,680,049	3,348,828
Total current liabilities		81,845,653	63,811,193
Non-current liabilities			
Deferred tax liabilities		1,643,713	5,577,005
Total non-current liabilities		1,643,713	5,577,005
Total liabilities		83,489,366	69,388,198
Net assets		234,979,632	231,917,634
Equity			
Issued capital	4	205,518,998	205,117,346
Profits reserve	5	37,497,378	33,042,866
Accumulated losses	6	(8,036,744)	(6,242,578)
Total equity		234,979,632	231,917,634

The accompanying notes form part of these financial statements.

Statement of changes in equity for the half year ended 31 December 2022

	Note	Issued Capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2021		204,496,486	(4,360,287)	20,867,977	221,004,176
Profit for the half year		-	11,425,491	-	11,425,491
Transfer to profits reserve		-	(11,425,491)	11,425,491	-
Other comprehensive income for the half year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	4(b)	241,090	-	-	241,090
Dividends paid	3(a)	-	-	(3,878,790)	(3,878,790)
Balance at 31 December 2021		204,737,576	(4,360,287)	28,414,678	228,791,967
Balance at 1 July 2022		205,117,346	(6,242,578)	33,042,866	231,917,634
Profit for the half year		-	6,550,505	-	6,550,505
Transfer to profits reserve	5	-	(8,344,671)	8,344,671	-
Other comprehensive income for the half year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	4(b)	401,652	-	-	401,652
Dividends paid	3(a)	-	-	(3,890,159)	(3,890,159)
Balance at 31 December 2022		205,518,998	(8,036,744)	37,497,378	234,979,632

The accompanying notes form part of these financial statements.

Statement of cash flows for the half year ended 31 December 2022

	December 2022 \$	December 2021 \$
Cash flows from operating activities		
Proceeds from sale of investments	54,167,776	8,583,040
Payments for purchase of investments	(7,274,321)	(1,801,616)
Dividends and trust distributions received	2,347,330	2,160,278
Rebates of management and performance fees received (GST inclusive)	1,248,176	343,603
Interest received	951,355	53,214
Management fees (GST inclusive)	(1,343,432)	(1,259,165)
Payments for administration expenses (GST inclusive)	(620,323)	(518,507)
Income tax paid	(2,843,495)	(971,562)
Net GST received from the ATO	94,695	60,470
Net cash provided by operating activities	46,727,761	6,649,755
Cash flows from financing activities		
Dividends paid – net of reinvestment	(3,488,507)	(3,637,700)
Net cash used in financing activities	(3,488,507)	(3,637,700)
Net increase in cash and cash equivalents held	43,239,254	3,012,055
Cash and cash equivalents at the beginning of the half year	64,936,568	51,499,996
Cash and cash equivalents at the end of the half year	108,175,822	54,512,051
Non-cash transactions:		
Shares issued via dividend reinvestment plan	401,652	241,090

The accompanying notes form part of these financial statements.

Notes to the financial statements for the half year ended 31 December 2022

1. Summary of significant accounting policies

These interim financial statements and notes for the half year represent those of WAM Alternative Assets Limited.

The half year financial report was authorised for issue on 22 February 2023 by the Board of Directors.

Basis of preparation

The half year financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

The half year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2022 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical cost with the exception of certain financial assets and liabilities that have been measured at fair value.

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 accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2022 Annual Financial Report.

2. Other revenue

	December 2022 \$	December 2021 \$
Trust distributions	2,523,932	2,160,278
Interest	1,185,602	53,214
Rebates of management and performance fees	505,851	936,884
	4,215,385	3,150,376

3. Dividends

a) Ordinary dividends paid during the period

	December 2022 \$	December 2021 \$
Final dividend FY2022: 2.0 cents per share fully franked at the 25.0% tax rate, paid 28 October 2022 (Final dividend FY2021: 2.0 cents per share fully franked at the 25.0% tax rate)	3,890,159	3,878,790

b) Dividends not recognised at period end

	December 2022 \$	December 2021 \$
Since the end of the period, the Directors have declared a fully franked interim dividend of 2.5 cents per share franked at the 25.0% tax rate, payable on 28 April 2023 (Interim dividend FY2022: 2.0 cents per share fully franked at the 25.0% tax rate)	4,872,192	3,883,340

4. Issued capital

a) Paid-up capital

	December 2022 \$	June 2022 \$
194,887,687 ordinary shares fully paid (June 2022: 194,507,975)	205,518,998	205,117,346

b) Ordinary shares

	December 2022 \$	June 2022 \$
Balance at the beginning of the period 194,507,975 ordinary shares fully paid (June 2021: 193,932,860)	205,117,346	204,496,486
379,712 ordinary shares issued on 28 October 2022 under a dividend reinvestment plan	401,652	-
234,147 ordinary shares issued on 22 October 2021 under a dividend reinvestment plan	-	241,090
340,968 ordinary shares issued on 14 April 2022 under a dividend reinvestment plan	-	379,770
At reporting date	205,518,998	205,117,346

5. Profits reserve

	December 2022 \$	June 2022 \$
Profits reserve	37,497,378	33,042,866

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

	December 2022 \$	June 2022 \$
Movement in profits reserve		
Balance at the beginning of the period	33,042,866	20,867,977
Transfer of profits during the period	8,344,671	19,937,019
Final dividend paid (refer to note 3(a))	(3,890,159)	(3,878,790)
Interim dividend paid	-	(3,883,340)
At reporting date	37,497,378	33,042,866

6. Accumulated losses

	December 2022 \$	June 2022 \$
Balance at the beginning of the period	(6,242,578)	(4,360,287)
Profit for the period attributable to members of the Company	6,550,505	18,054,728
Transfer to profits reserve	(8,344,671)	(19,937,019)
At reporting date	(8,036,744)	(6,242,578)

7. 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).

WAM Alternative Assets holds investments in unlisted funds which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. These investments are valued at fair value. The method that the Company uses to determine the fair value of these investments is generally the reported or latest available unit price received from the underlying unlisted fund investment managers.

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

The Board has determined that it is appropriate to use these reported or latest available unit prices in valuing the investments in unlisted funds. The Company classifies the fair value of these investments as Level 3 in the fair value hierarchy.

The reported or latest available unit price, received from the underlying investment fund managers of an unlisted fund, is calculated by the relevant underlying investment fund manager in accordance with their methodologies and assumptions to determine the fair value of the unlisted fund's investment in any portfolio companies. The methodologies that are used by the unlisted fund investment managers to determine the fair value of the unlisted fund's investment in any portfolio companies are as follows:

- market approach (whereby fair value is derived by reference to observable valuation measures for comparable companies or assets including any recent transactions in the unlisted fund);
- income approach (such as the discounted projected cash flow method); or
- cost approach, as the best initial approximation of fair value upon acquisition of an investment.

The Company does not utilise valuation models to calculate the fair value of its investments in unlisted funds. The reported or latest available unit price received from the underlying investment fund managers is considered to be the key input in the determination of fair value. The Company does not have any other key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period, which may have a significant risk of causing a material adjustment to the Company's net asset value within the next financial year. However, the Company has the following control procedures in place to evaluate whether these reported or latest available unit prices of the unlisted funds underlying investment in any portfolio companies is calculated in a manner consistent with Australian Accounting Standard AASB 13: *Fair Value Measurement*:

- Thorough initial due diligence process and ongoing monitoring procedures, primarily discussions with the underlying unlisted fund investment managers;
- Comparison of historical realisations to the last reported fair values;
- Review of the financial statements, key assumptions and significant judgements used in determining the fair value of each investment, including those used in independent third party valuations of the respective unlisted funds (where available);
- Detailed assessment of the valuation and carrying value of each investment in the portfolio by the Investment Manager; and
- The Audit and Risk Committee and Board of Directors' assessing the reporting provided by the Investment Manager and their external auditors, which includes detailed information regarding their separate reviews of the carrying value of the investment portfolio, such as the valuation methodology adopted at the individual investment level and the relevant external valuation firm used by the underlying investment manager (where applicable).

Due to the inherent uncertainty of the valuation of the unlisted funds, the values used and the methodologies and assumptions adopted in the valuation may differ significantly from the values that would have been used had a ready market for the investment existed and the differences could be significant. These values may need to be revised as circumstances change and material adjustments may still arise as a result of revaluation of the unquoted investments fair value within the next financial period.

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

For the purposes of a sensitivity analysis, the Company considers a 5% adjustment to the reported or latest available unit price, received from the underlying unlisted fund investment managers, used to determine fair value of the unlisted funds as reasonable. At reporting date, if these reported or latest available unit prices used to determine fair value of the unlisted funds changed by 5%, the impact on the Company's profit or loss would have been an increase/decrease by \$4,964,593 (June 22: \$6,519,825). This would result in the 31 December 2022 net asset backing after tax moving by 2.5 cents per share (June 22: 3.4 cents per share).

31 December 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Unlisted private equity funds	-	-	54,864,242	54,864,242
Unlisted private real estate funds	-	-	31,699,753	31,699,753
Unlisted real assets funds	-	-	81,564,205	81,564,205
Unlisted infrastructure funds	-	-	30,000,000	30,000,000
Unlisted private debt funds	-	-	10,000,000	10,000,000
Total	-	-	208,128,200	208,128,200

30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Unlisted private equity funds	-	-	75,563,568	75,563,568
Unlisted private real estate funds	-	-	36,266,634	36,266,634
Unlisted real assets funds	-	-	101,990,182	101,990,182
Unlisted infrastructure funds	-	-	20,000,000	20,000,000
Total	-	-	233,820,384	233,820,384

The above financial assets include \$75,739,053 in uncalled capital commitments (June 2022: \$57,340,374) and no called capital comments (June 2022: \$2,618,000). Please refer to Note 8 for further information on uncalled capital commitments.

31 December 2022	Unlisted private equity funds \$	Unlisted private real estate funds \$	Unlisted real assets funds \$	Unlisted infrastructure funds \$	Unlisted private debt funds \$	Total \$
Financial assets	54,864,242	31,699,753	81,564,205	30,000,000	10,000,000	208,128,200
Uncalled capital commitments	(15,544,553)	(18,882,000)	(1,312,500)	(30,000,000)	(10,000,000)	(75,739,053)
	39,319,689	12,817,753	80,251,705	-	-	132,389,147

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

30 June 2022	Unlisted private equity funds \$	Unlisted private real estate funds \$	Unlisted real assets funds \$	Unlisted infrastructure funds \$	Total \$
Financial assets	75,563,568	36,266,634	101,990,182	20,000,000	233,820,384
Called capital commitments	-	(2,618,000)	-	-	(2,618,000)
Uncalled capital commitments	(15,645,874)	(20,382,000)	(1,312,500)	(20,000,000)	(57,340,374)
	59,917,694	13,266,634	100,677,682	-	173,862,010

Called capital commitments are included within trade and other payables. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Unlisted private equity funds \$	Unlisted private real estate funds \$	Unlisted real assets funds \$	Unlisted infrastructure funds \$	Unlisted private debt funds \$	Total \$
Half year ended 31 December 2022						
Balance at the beginning of the period	75,563,568	36,266,634	101,990,182	20,000,000	-	233,820,384
Capital commitment*	3,055,000	-	-	10,000,000	10,000,000	23,055,000
Disposal	(29,271,828)	(4,895,948)	(20,000,000)	-	-	(54,167,776)
Net realised and unrealised gains/(losses)	5,517,502	329,067	(425,977)	-	-	5,420,592
At reporting date	54,864,242	31,699,753	81,564,205	30,000,000	10,000,000	208,128,200

*During the period, WAM Alternative Assets invested \$3,055,000 in Aged Care Decisions via a co-investment with Fortitude Investment Partners, \$2,618,000 in the Barwon Institutional Healthcare Property Fund, \$1,500,000 in the CEN (I&L) Partnership Fund and \$101,321 in the Allegro Fund IV.

	Unlisted private equity funds \$	Unlisted private real estate funds \$	Unlisted real assets funds \$	Unlisted infrastructure funds \$	Total \$
Year ended 30 June 2022					
Balance at the beginning of the period	69,378,971	29,354,725	97,097,462	15,000,000	210,831,158
Capital commitment*	11,904,487	10,000,000	-	5,000,000	26,904,487
Capital return	(514,509)	(1,925,000)	-	-	(2,439,509)
Disposal	(7,836,859)	(3,360,472)	(7,810,731)	-	(19,008,062)
Net realised and unrealised gains	2,631,478	2,197,381	12,703,451	-	17,532,310
At reporting date	75,563,568	36,266,634	101,990,182	20,000,000	233,820,384

*During the year, WAM Alternative Assets invested \$2,000,000 in the CEN (I&L) Partnership Fund, \$1,699,717 in the Hotel Fund II, \$770,307 in the Adamantem Capital Fund II and \$111,855 in the Allegro Fund IV.

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

The Company's investments in unlisted funds are subject to specific restrictions on transferability and disposal. Consequently, the risk exists that the Company might not be able to readily dispose of its holdings at the time of its choosing, and also that the price attained on a disposal may be below the amount at which such investments were included in the Company's financial statements.

8. Uncalled capital commitments

	December 2022 \$	June 2022 \$
Palisade Diversified Infrastructure Fund	20,000,000	20,000,000
Barwon Institutional Healthcare Property Fund	12,382,000	12,382,000
Palisade's Renewable Energy Fund	10,000,000	-
Intermediate Capital Group Australian Senior Loan Fund	10,000,000	-
Allegro Fund IV	9,786,824	9,888,145
CEN (I&L) Partnership Fund	6,500,000	8,000,000
Adamantem Capital Fund II	5,757,729	5,757,729
Strategic Australian Agricultural Fund	1,312,500	1,312,500
	75,739,053	57,340,374

Uncalled capital commitments relate to the Company's contractual agreements to purchase units in unlisted funds which have not been drawn down. Uncalled capital commitments are subject to be called pursuant to the Trust Deeds of the respective investee funds.

During the period, \$10,000,000 of capital was committed to the Palisade Renewable Energy Fund, \$10,000,000 of capital was committed to the Intermediate Capital Group Australian Senior Loan Fund and \$3,055,000 of capital was committed to Aged Care Decisions via a co-investment with Fortitude Investment Partners. During the period, \$3,055,000 was drawn down to Aged Care Decisions, \$1,500,000 was drawn down to the CEN (I&L) Partnership Fund and \$101,321 was drawn down to the Allegro Fund IV.

9. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and unlisted investments. It has no reportable operating segments. The Company currently categorises its unlisted investments into five categories: private equity, private real estate, real assets, infrastructure and private debt.

10. Commitments

Other than already disclosed in the interim financial report, there were no other commitments entered into by the Company before the end of the period which settle after the end of the period (June 2022: nil).

11. Contingent liabilities

There were no contingent liabilities for the Company as at 31 December 2022 (June 2022: nil).

12. Events subsequent to reporting date

Since the end of the period, the Directors declared a fully franked interim dividend of 2.5 cents per share to be paid on 28 April 2023.

Since the end of the period, WAM Alternative Assets committed \$15,000,000 to its new investment partner, Crescent Capital Partners, in the Crescent Capital Partners Fund VII. Crescent Capital Partners Fund VII is a private equity fund targeting mid-market growth buyout transactions across Australia and New Zealand. WAM Alternative Assets looks forward to deploying the capital commitment in the fund.

In January 2023, WMA redeemed \$10,000,000 of its investment in the Argyle Water Fund, reducing the exposure to 22.9%. This re-positioning has enabled WAM Alternative Assets to enter into new investment opportunities in other asset classes.

In January 2023, WAM Alternative Assets' \$30,000,000 commitment to its investment partner, Palisade Investment Partners, in Palisade's Diversified Infrastructure Fund and Palisade's Renewable Energy Fund, was called.

No other matters or circumstances have arisen since the end of the period, 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 periods.

Directors' Declaration

The Directors of WAM Alternative Assets Limited declare that:

- 1) The financial statements and notes, as set out on pages 9 to 20, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, 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 31 December 2022 and of its performance for the half year ended on that date.
- 2) 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.



Michael Cottier
Chairman

Dated this 22nd day of February 2023

Pitcher Partners Sydney Partnership

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**Independent Auditor's Review Report
To the Members of WAM Alternative Assets Limited
ABN 47 168 941 704**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of WAM Alternative Assets Limited ("the Company") which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of WAM Alternative Assets Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual 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 in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



S M Whiddett
Partner



Pitcher Partners
Sydney

22 February 2023

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