

Annual General Meeting Chair's Address

21 November 2024
ASX announcement

Introduction and welcome

Good afternoon and welcome to the fifth WAM Alternative Assets Limited (ASX: WMA) Annual General Meeting (AGM). My name is Michael Cottier, Chair of the Board of Directors.

This is a hybrid meeting, held both online and in person here at the Museum of Sydney. The hybrid meeting format allows those that cannot join us in person to ask questions and actively participate.

I would like to acknowledge the Gadigal people of the Eora nation and pay my respects to Elders past and present. Thank you for joining us and for your continued support of WAM Alternative Assets.

I am joined today by my fellow Board members, Geoff Wilson AO, Adrian Siew, John Baillie and Kym Evans. Scott Whiddett, a representative from WAM Alternative Assets' auditor, Pitcher Partners, will be available to address any questions relating to the Company's financial statements.

We are also joined by Wilson Asset Management Head of Finance Ophelia Lam, who will moderate today's meeting, and assist in addressing any questions received online or in person during the meeting.

FY2024 in review

Financial results

The WAM Alternative Assets investment portfolio increased 5.1% in the 2024 financial year. Since the appointment of Wilson Asset Management as Investment Manager in October 2020, the investment portfolio has increased 9.8% per annum, supported by 12 investment exits achieved at a weighted average premium to NTA on exit of 34.5%[#]. WAM Alternative Assets reported an operating profit before tax of \$7.9 million (FY2023: \$11.7 million) and an operating profit after tax of \$6.3 million (FY2023: \$9.5 million).

Despite the challenging environment for private markets, especially for private equity with limited exit opportunities, the underlying investments in the WAM Alternative Assets investment portfolio performed well when compared to the broader private market, mainly due to their high quality and growth in earnings. During the 2024 financial year, the investment portfolio benefitted significantly from an exit in premium food producer Birch & Waite Foods, facilitated through our investment partner, Fortitude Investment Partners. This exit was achieved at a 105% premium to the December 2023 carrying value. The exit in Birch & Waite, combined with distributions received over the life of the investment and the residual holding retained, represents a return on invested capital (ROIC) of over 3.5x and an internal rate of return (IRR) of greater than 25%.

To put this exit in context of the overall investment portfolio performance it is important to understand the J-curve effect associated with private equity. Initially, private equity investments may show negative returns due to the cost of investing into the growth of the business. However, similar to Birch & Waite, as private equity-backed companies improve operationally and achieve growth, successful exits can result in returns that significantly exceed the initial investment. This J-curve pattern highlights the need for a long-term commitment, as substantial returns typically take time to materialise.

The Board of Directors declared a fully franked final dividend of 2.6 cents per share, bringing the FY2024 fully franked full year dividend to 5.2 cents per share. The fully franked full year dividend of 5.2 cents per share represents a dividend yield of 5.1% and a grossed-up dividend yield of 7.3%*, on the 31 October 2024 share price of

[#]Exit premium/(discount) to NTA is calculated in relation to the most recent semi-annual valuation prior to the exit of the fund.

*Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30%.

\$1.02 per share. As at 31 October 2024, the Company had 16.2 cents per share available in its profits reserve, after the payment of the FY2024 fully franked final dividend of 2.6 cents per share on 29 October 2024, representing 3.1 years of dividend coverage.

FY2025 update and outlook

Company update

Through our continued focus on thematic portfolio construction, investing alongside our investment partners, the investment portfolio has increased 3.5% in the four months to 31 October 2024. As at 31 October 2024, the WAM Alternative Assets investment portfolio had a cash weighting of 21.2% and total capital commitments to new and existing investment partners of 22.0%.

In the first four months of the financial year to 31 October 2024, several of the WAM Alternative Assets investment portfolio's private equity investments had significant earnings growth, benefiting from business maturation, organic revenue growth and operational improvements implemented by our investment partners.

Outlook

As overseas interest rates continue to decline, so will the cost of debt for businesses and assets, benefitting earnings and supporting greater alignment in the valuation expectations of buyers and sellers in private markets. The investment team believes this environment will provide attractive exit opportunities for the maturing growth investments in the portfolio. They expect to exit three-to-five private equity investments and enter three-to-five new investments per year from FY2025. This is higher than prior years as the revitalised strategy matures, providing greater opportunities for stronger returns.

In FY2025, the focus of the WAM Alternative Assets investment team remains on high-quality businesses and assets underpinned by long-term investment themes that are expected to serve as tailwinds throughout various market cycles. WAM Alternative Assets' strategy and approach to portfolio construction is focused on delivering consistent investment returns to its shareholders. The investment portfolio's focus on growth strategies provides the ability to deliver strong excess returns, and the inclusion of core strategies provides diversification benefits and hedging against inflation and interest rate movements.

Premium target

The Board of Directors and Wilson Asset Management remain focused on returning the Company's share price to NTA or to a premium to NTA. The premium target of the Company was established when Wilson Asset Management was appointed as the Investment Manager and reflects Wilson Asset Management's confidence and belief in the Company. The principle of the premium target is that WAM Alternative Assets' volume weighted average share price, over the relevant trading days during a month, needs to exceed the pre-tax NTA of the Company. If this does not occur at least three times during the initial five-year term, the Board will propose a special resolution to shareholders and the shareholders will have the right to vote to terminate the investment management agreement with Wilson Asset Management and to liquidate the Company. This vote would take place at the 2025 Annual General Meeting, where 75% of votes cast would need to be in favour of the resolution for the resolution to pass.

WAM Alternative Assets' strategy and approach to portfolio construction is focused on delivering consistent investment returns to its shareholders over the medium-to-long term. The investment team have delivered solid investment portfolio returns since October 2020 and have made substantial progress with the revitalisation process, with maturing legacy investments comprising only 22.4% of the investment portfolio at 31 October 2024. Exit proceeds from legacy investments have been reinvested in new investment opportunities, which the investment team believe have material upside. The Board of Directors believe that termination of the investment management agreement would not maximise value for shareholders, and we remain focused on delivering on our investment objectives for shareholders over the medium term.

Through Wilson Asset Management's shareholder communication strategy, shareholders have indicated that they are pleased with the quality of the portfolio and its complementary benefits. Supported by Finance, Operations, Distribution and Corporate Affairs teams, the Investment Manager regularly communicates with current and prospective shareholders through email communications, video interviews with WAM Alternative Assets' investment partners, webinars and in-person events. As a result of these communications efforts, the Company's network of financial advisers has also grown in number and support. During the month of September 2024 alone, the shareholder base for the Company grew almost 9% to over 5,000 shareholders.

The Board of Directors believe that the Company presents a unique offering to shareholders through the listed investment company structure and remain committed to bringing the share price to NTA, if not a premium to NTA. Since listing in 2014, the Company has traded at a share price premium to NTA of up to 10% and on average traded at a premium to NTA of 0.9% between 2014 and 2018. Following the appointment of Wilson Asset Management in October 2020, the share price discount to NTA narrowed from a high of 40.6% to a low of 7.9%. As at 31 October 2024, the share price discount to NTA was 14.5%*.

The Board believes the current share price discount to NTA presents an opportunity for shareholders to gain access to a diversified portfolio of high-quality alternative investments and a stream of fully franked dividends. Since Wilson Asset Management was appointed in October 2020, the Company has paid 17.2 cents per share in fully franked dividends to shareholders or 23.2 cents per share when including the value of franking credits, and has increased the profits reserve from 2.5 cents per share at 31 October 2020 to 16.2 cents per share at 31 October 2024.

If the premium target is not achieved and the Board proposes the special resolution, the decision will rest with the shareholders. The Investment Manager's discussions with existing shareholders indicates a strong preference for maintaining the current approach. The Board of Directors believe that the Company can continue delivering on its investment objectives – to deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

Shareholder advocacy

Shareholder advocacy on behalf of retail investors remains a priority for Wilson Asset Management. They continue to consult shareholders on important issues in an attempt to allow Australian investors to be treated equitably. Current issues include the 'sophisticated investor test', the government's proposal to tax unrealised gains on super balances over \$3 million and the Australian Prudential Regulation Authority's proposal to phase out Bank Hybrids.

For more information

Further information on WAM Alternative Assets can be found in the FY2024 [Annual Report](#) and [website](#).

Thank you

I would like to thank our loyal shareholders for their continued support. I also extend my thanks to my fellow Board members, the Investment Committee and the team at Wilson Asset Management who have worked diligently for our shareholders.

*Based on the 31 October 2024 pre-tax NTA of \$1.19 per share and the 31 October 2024 share price of \$1.02 per share.

About WAM Alternative Assets

WAM Alternative Assets Limited (ASX: WMA) is a listed investment company managed by Wilson Asset Management. WAM Alternative Assets provides retail investors with exposure to a portfolio of real assets, private equity, infrastructure, real estate and private debt strategies. The Company's investment objectives are to consistently deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

All major platforms provide access to WAM Alternative Assets, including Asgard eWRAP Investment, BT Panorama, BT Wrap, Colonial First State FirstWrap, Hub24, IOOF Pursuit Select Investment Service, Macquarie Investment Manager / Consolidator, MLC Wrap IDPS and SMS, Netwealth Wrap and North Investment.

Wilson Asset Management was appointed as Investment Manager of WAM Alternative Assets in October 2020.



WAM Alternative Assets receives coverage from the following independent investment research providers:

BELL POTTER

INDEPENDENT INVESTMENT RESEARCH

ORD MINNETT

This announcement has been authorised by the Board of WAM Alternative Assets Limited.

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for 25 years and is the investment manager for eight 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), WAM Research (ASX: WAX), WAM Active (ASX: WAA) - and the Wilson Asset Management Leaders Fund. Wilson Asset Management invests over \$5 billion on behalf of more than 130,000 retail investors.

Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.



>\$5 billion
in funds under management

>200 Years
combined investment experience

>25 Years
making a difference for shareholders

10
investment products

For more information visit www.wilsonassetmanagement.com.au or contact:

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