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# Wilson Asset Management

November 2016 Shareholder Presentation



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## Agenda

### 1. Wilson Asset Management and our listed investment companies

### 2. Market and investment insights

- Market overview and outlook
- Investment themes and trends

### 3. Investment portfolio

- What worked
- What didn't work
- What we like

### 4. Questions

# About us

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About us

Investing in opportunities.  
For you. For good.

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## Our team

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**Geoff Wilson**  
Chairman  
& Portfolio Manager



**Kate Thorley**  
Chief Executive Officer



**Chris Stott**  
Chief Investment Officer  
& Portfolio Manager



**Matthew Haupt**  
Portfolio Manager



**Martin Hickson**  
Senior Equity Analyst  
& Dealer



**Tobias Yao**  
Senior Equity Analyst



**John Ayoub**  
Senior Equity Analyst



**Oscar Oberg**  
Equity Analyst

# How we invest



**Investment focus**

ASX listed companies

W | A | M *Research*

W | A | M *Capital*

W | A | M *Active*

ASX top 200 listed companies

W | A | M *Leaders*

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Pre-tax net tangible assets

197.56c

One-year total shareholder return

23.6%

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Fully franked dividend yield\*

6.4%

Performance (p.a. since August 1999)

18.2%

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Pre-tax net tangible assets

**107.77c**

Gross assets

**\$388.6m**

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Share price\*

**\$1.115**

Option price\*

**\$0.039**

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Pre-tax net tangible assets

129.17C

One-year total shareholder return

28.4%

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Fully franked dividend yield\*

5.4%

Performance (p.a. since July 2010)

21.0%

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Pre-tax net tangible assets

**105.14C**

One-year total shareholder return

**26.5%**

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Fully franked dividend yield\*

**4.4%**

Performance (p.a. since January 2008)

**12.9%**

# Market and investment insights

# 2

A scenic view of a mountain range at sunset or sunrise, with a large number 2 overlaid on the left side.

# Market and investment insights

# 2

# Market outlook

An aerial, long-exposure photograph of a city street at night. The image shows light trails from cars and streetlights, creating a sense of motion and energy. The street is marked with white dashed lines and arrows. The overall color palette is dark with highlights from the lights.

The Australian equity market  
Is a correction coming?

## The Australian equity market

# Is a correction coming?



Signs of economic strength are **returning**...



... but are not strong enough for the RBA to **raise** rates – yet



... when it does, equities could come **under pressure**



Valuations remain **elevated** given the growth outlook

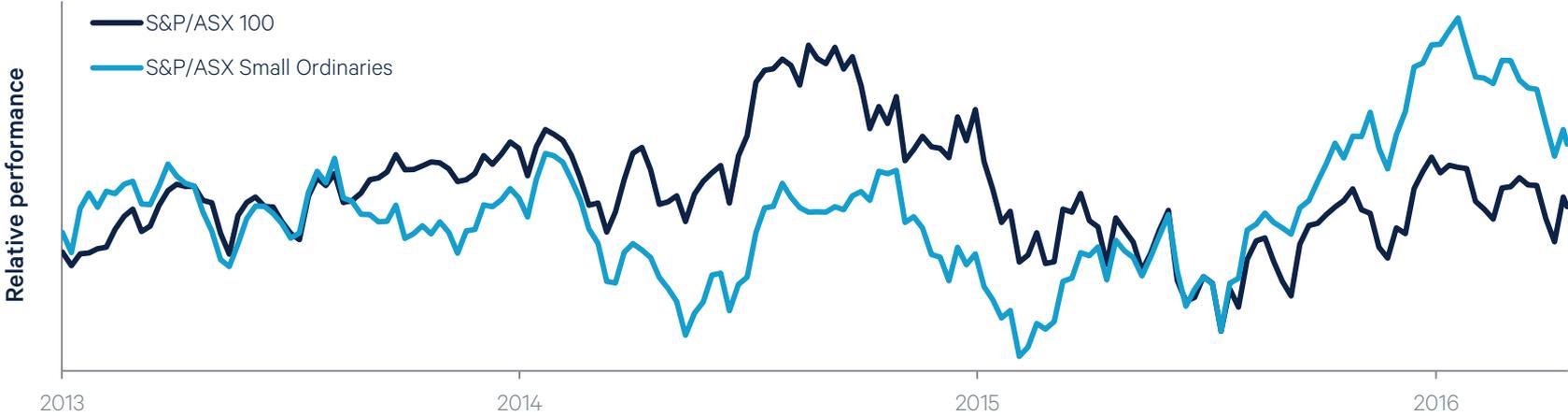


The Australian equity market

Will small caps continue to outperform?

## The Australian equity market

# Will small caps continue to outperform?



The Australian economy

# Australian housing has peaked



## The Australian economy

# Australian housing has peaked



Source: Australian Bureau of Statistics



The global economy

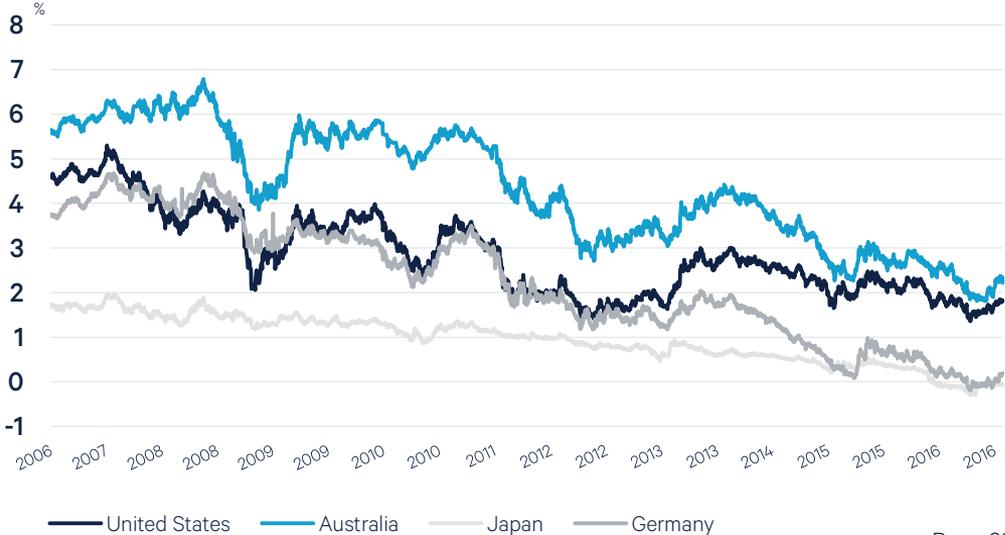
The era of cheap money is ending

## The global economy

# The era of cheap money is ending

-  **Centrals banks** have attempted to stimulate the economy post GFC with **monetary policy**
-  **Printing money** to provide liquidity
-  **Lowering** interest rates
-  Causing significant **overvaluation** in equity prices

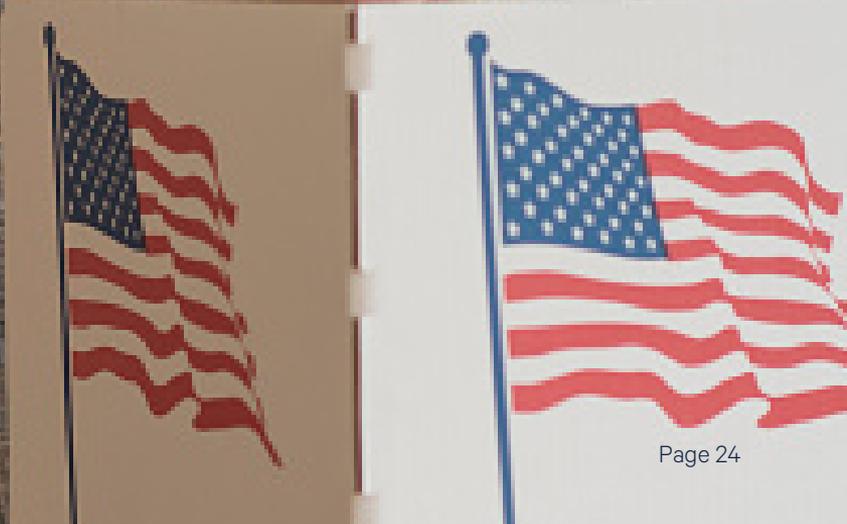
10-year government bond rates



Source: UBS

The global economy

# Outcome of the US election



## The global economy

# Outcome of the US election

-  **Uncertainty** on policy decisions and execution; slim Republican majority
-  **Tax reform** and infrastructure building could create **fiscal stimulus**
-  **Trade protectionism** would have negative impacts
-  US economic indicators and company earnings are **positive overall**

# Investment themes and trends

01

# The rise of self managed super funds



01

# The rise of self managed super funds



**1/3** of all superannuation assets are held in SMSFs



**\$622bn** of assets under management



**16%** of the market cap of the ASX is owned by SMSFs

Investment exposure:





02

# Cashless society and online shopping

02

# Cashless society and online shopping

-  **Integrated** the best retailers neither exclusively online or offline
-  **Decelerated** rate of growth in online shopping
-  **Transition** from bricks-and-mortar to clicks-and-mortar
-  **Payments technology** bring convenience and efficiency to electronic transactions

Investment exposure:



## Top holdings

[W|A|M Capital](#)
[W|A|M Leaders](#)
[W|A|M Research](#)
[W|A|M Active](#)

Company	ASX Code	Owned by
Eclix Group Limited	ECX	WAM, WLE, WAX
Nick Scali Limited	NCK	WAM, WAX
Orora Limited	ORA	WLE
Reliance Worldwide Corporation (Aust) Limited	RWC	WLE
Ardent Leisure Group	AAD	WAM, WLE, WAX
Aristocrat Leisure Limited	ALL	WAM, WLE, WAA
Helloworld Limited	HLO	WAM, WAX
ALS Limited	ALQ	WAM, WAA
Hunter Hall Global Value Limited	HHV	WAM, WAA
Century Australia Investment Limited	CYA	WAM, WAA

# Investment portfolio

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# What worked

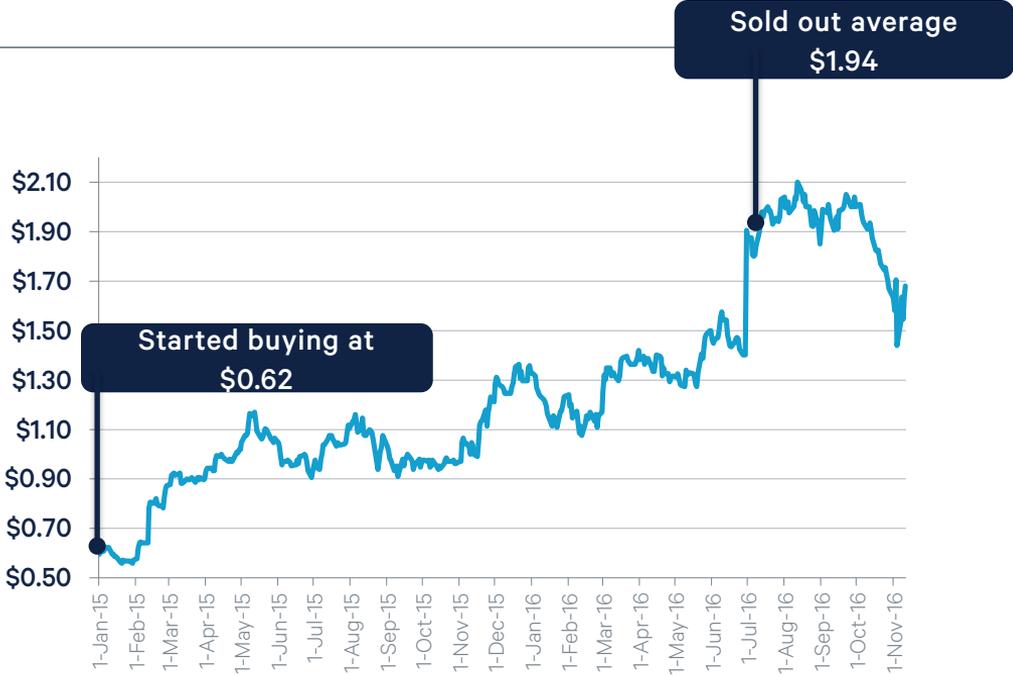
## Mayne Pharma (ASX: MYX)

### Why it rated

- Highly accretive acquisition
- Growth potential
- Pipeline of drugs awaiting FDA approval

### Why it worked

- Successful execution on acquisition
- New drugs approved by the FDA
- Acquisition of large portfolio





# What didn't work

## The Reject Shop (ASX: TRS)

### Why it rated

- Appointment of CEO Ross Sudano
- Cost reducing strategies

### Why it didn't work

- Impacted by price competition
- Sales growth disappointing
- Share price has continued to fall
- We were late to sell





## What we like

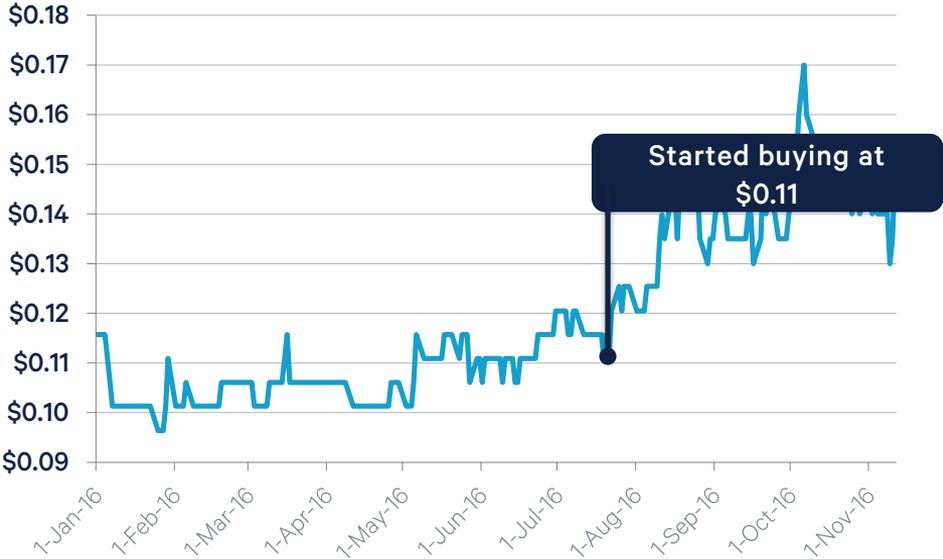
### Armidale Investment Corporation (ASX:AIK)

#### Background

- Integrated commercial finance company
- \$42 billion industry

#### Catalysts

- Simplifying corporate structure to a tax consolidated group
- Transition to operating company
- Earnings accretive acquisitions





## What we like

### Nick Scali (ASX: NCK)

#### Background

- Furniture retailer with 42 stores
- Market cap \$450 million
- Block line purchased at a discount

#### Catalysts

- Acquisitions overseas
- Earning upgrades
- Continued Australian market share gains



# Questions

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## Get in touch

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