



Investor Presentation

November/December 2015

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 - WAM Research Limited
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About Wilson Asset Management

About Wilson Asset Management

WILSON
ASSET MANAGEMENT

- Our team is passionate about **making a difference**
- We are **innovative, agile and entrepreneurial**. Our investment approach and results are proven
- **We invest our time and expertise** in causes that resonate with us
- **We value** shareholder engagement, work-life balance, efficiency, teamwork, fun and humour, and employee fulfilment



Winner of the Listed Investment Companies category at the Professional Planner / Zenith Fund Awards 2014 and 2015

Experienced team



Geoff Wilson

B Sc GMQ FAICD FFinsia

Chairman / Portfolio Manager



Matthew Haupt

CFA B Com Grad Dip App Fin

Portfolio Manager



Kate Thorley

B Com CPA Grad Dip ACG

Chief Executive Officer
/ Company Secretary



Martin Hickson

B Bus B Comp

Senior Equity Analyst / Dealer



Chris Stott

B Bus Grad Dip App Fin

Chief Investment Officer
/ Portfolio Manager



Tobias Yao

CFA B Com

Equity Analyst

Our listed investment companies



WAM Capital
(ASX: WAM)



WAM Research
(ASX: WAX)



WAM Active
(ASX: WAA)

Gross assets*	\$870m	\$210m	\$36m
Share price*	\$1.985	\$1.255	\$0.985
Pre tax NTA	\$1.87	\$1.17	\$1.01
Premium to NTA*	6.2%	7.3%	-2.5%
Fully franked FY2015 dividend yield*	7.1%	6.4%	2.5%
Investment strategy	Research driven / market driven	Research driven	Market driven

How we invest



Research driven

- Extensive company research (meeting 1,000+ companies per year) focused on forecasting free cashflows and rating investment attributes
- Buy when a catalyst is identified and sell when the company reaches our valuation
- Provides exposure to undervalued growth companies
- Low portfolio turnover
- Flexibility to hold cash



Research and market driven



Market driven

- Scour the market for opportunities
- Allows sound return with a low correlation to traditional markets
- Provides the opportunity to perform in both bull and bear markets
- High portfolio turnover
- Flexibility to hold cash

Research driven investment process



This process has delivered strong outperformance in both rising and falling markets for almost two decades

- **Qualitative analysis**
 - Rate management
 - Rate industry/position
- **Quantitative analysis**
 - Forecast two year earnings per share (EPS) growth
 - Valuation measure: EPS / price to earnings (PE) ratio
- **Investment decision making**
 - We buy only when a catalyst is identified
 - We sell when our valuation is reached
- Flat team structure with investment decision making informed by 65 years' collective experience

Our disciplined investment rating process is applied to all listed equities

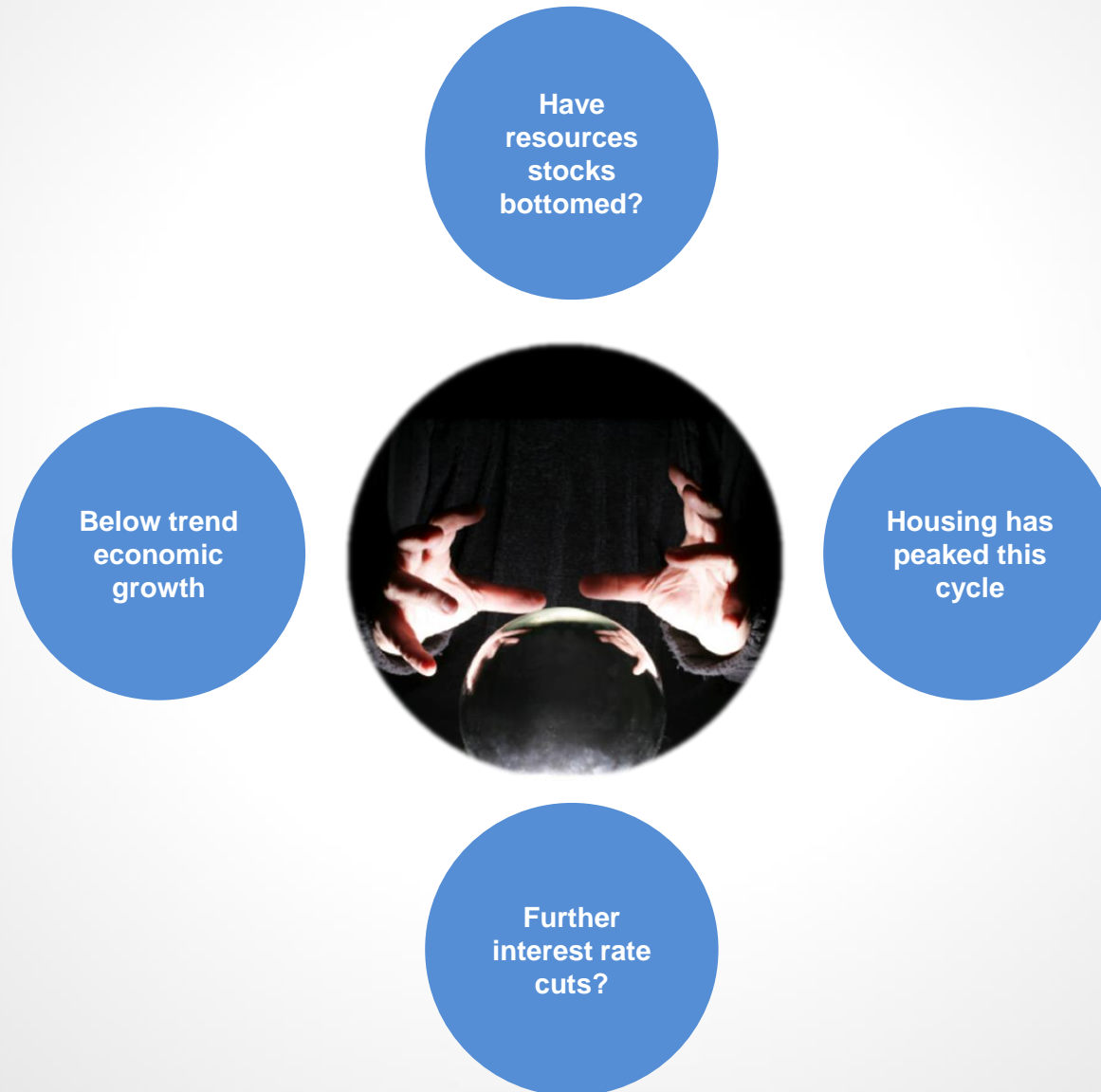
We have traditionally invested c. 10% in Australian large cap companies

We are now looking to establish another listed investment company focused on companies within the ASX200

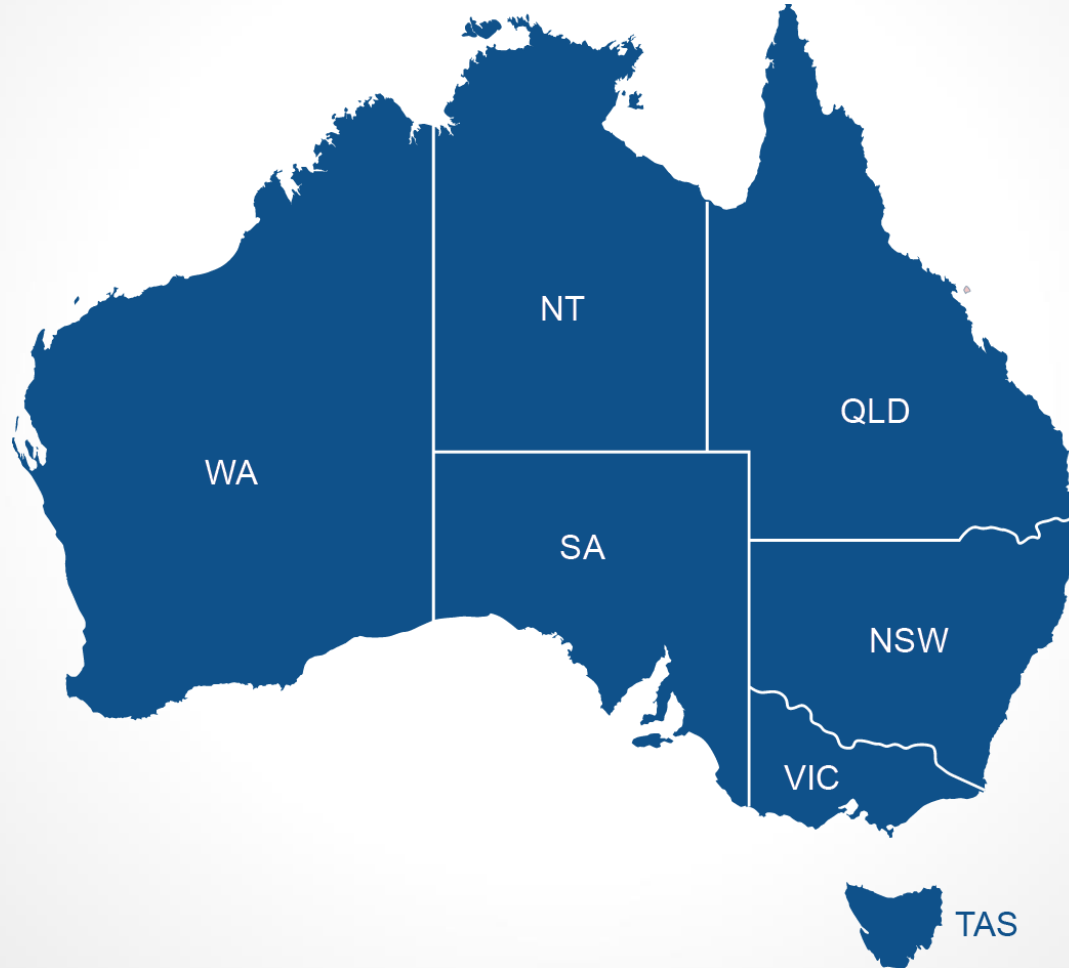
We look forward to sharing more with you soon

Market overview and outlook

Market overview and outlook



The state of the States



Investment themes and trends

Taxi industry under threat

- Smartphone app-based ride sharing company, Uber, started in 2009 and is one of the **fastest-growing businesses in the world**
- The company **connects passengers and drivers** who use their own private vehicles to provide cheap and clean taxi-like transportation
- **Uber has hit the taxi industry** – governments may intervene to protect taxi operators and recover associated revenue streams
- Uber is privately owned and **we are unable to invest in it**. We are not investing in the existing industry, avoiding companies like Cabcharge (ASX: CAB)



Australia's fitness obsession

- For many Australians 'activewear' has replaced casual wear given an increasing focus on health and fitness
- Australian activewear pioneer Lorna Jane's revenue is approaching **\$200m** growing at more than **30%**
- This craze has led to the creation of wearable fitness tracking devices – Fitbit has sold more than **20m** devices globally, priced between \$US50 and \$US350
- The Australian retail sector is benefiting from this trend and we are invested in RCG Corporation (ASX: RCG)

Lorna Jane activewear
growing at

30%

20m

Fitbit products sold



Women having babies later in life

- Women are increasingly choosing to have children later in life and **demand for assisted reproductive services has grown**
- Virtus Health (ASX: VRT) and Monash IVF (ASX: MVF) dominate the Australian market performing the majority of IVF cycles and a **combined market share of more than 70%**. We own shares in Virtus Health
- **The industry is maturing** with low-cost operators, such as Primary Health Care (ASX: PRY) entering the market



Western Sydney's surge



- Western Sydney is the **largest long-term growth corridor in Australia**, with enormous potential and minimal existing infrastructure
- The median Western Sydney house price is at a **32% discount to the rest of Sydney** even after rising in value, that discount is unlikely to continue with booming jobs and economic growth
- **Massive infrastructure spending is both planned and underway**, including Badgerys Creek Airport with the government working towards mid-2020 commencement of operations
- We believe **property, logistics and infrastructure companies** will provide the best exposure to this growth story. We own Qube Holdings (ASX: QUB)

Growing Chinese consumption

- Australia's exposure to **China's compelling growth story** has continued through the end of the mining boom and into the free trade agreement
- Market research firm Mintel found **80% of urban Chinese consumers believe organic food is worth the additional cost** and 56% report increasing their spending to obtain organic products
- Chinese appetite for Australian health products is **driving share prices** of a2 Milk (ASX: A2M), Blackmores (ASX: BKL) and Bellamy's (ASX: BAL). We own A2M and BKL shares



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Investment portfolio

Top holdings

ASX Code	Company
HHV	Hunter Hall Global Value Limited*
ECX	Eclix Group Limited^
CYA	Century Australia Investments Limited*
ASB	Austal Limited^
SIQ	Smartgroup Corporation Limited^
NUF	Nufarm Limited*
IPH	IPH Limited^
AOG	Aveo Group*
AAD	Ardent Leisure Group^
CSV	CSG Limited^

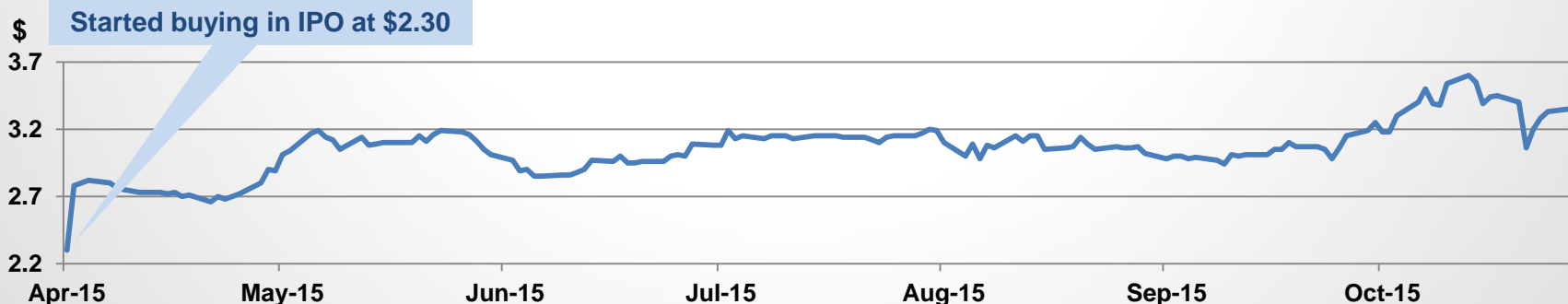


^ Research driven
* Market driven

What we like – research driven

Eclix Group (ASX: ECX)

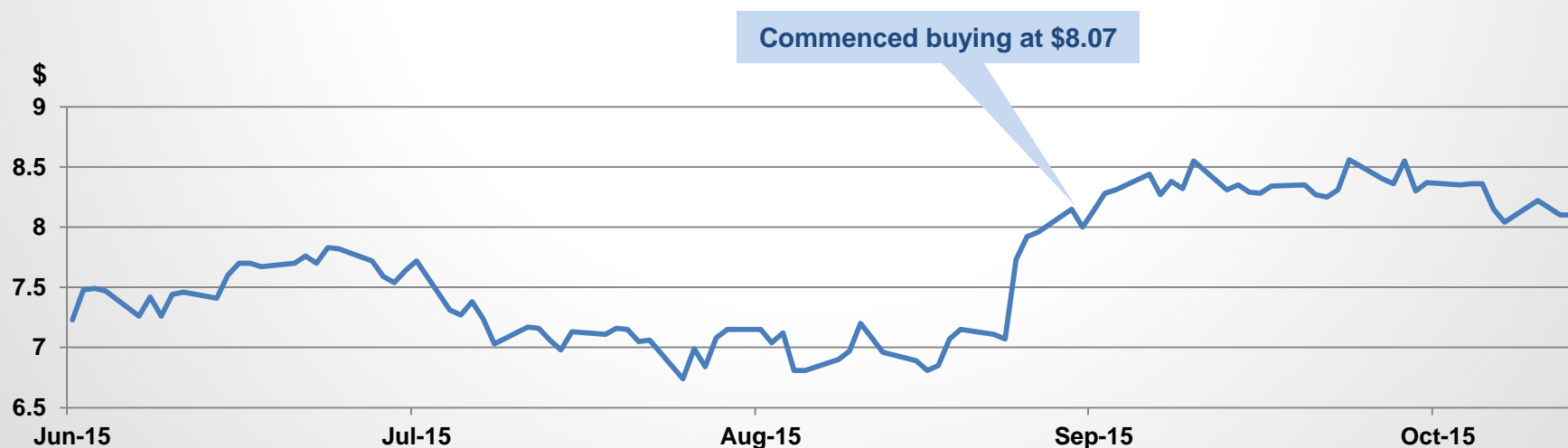
- Profile**
- Established player in vehicle fleet leasing, fleet management and diversified financial services
- Background**
- Market cap \$770m
 - Forward PE of 14x
 - EPS growth of 20%
 - \$1.7b and 80,000 vehicles assets under management or financed under various brands, such as Fleet partners and Fleet plus
- Catalysts**
- New business written
 - Stronger than expected acquisition integration synergies
 - Adjacent financial services opportunities
- Risks**
- Residual value and credit risk
 - Contract losses



What we like – market driven

Nufarm (ASX: NUF)

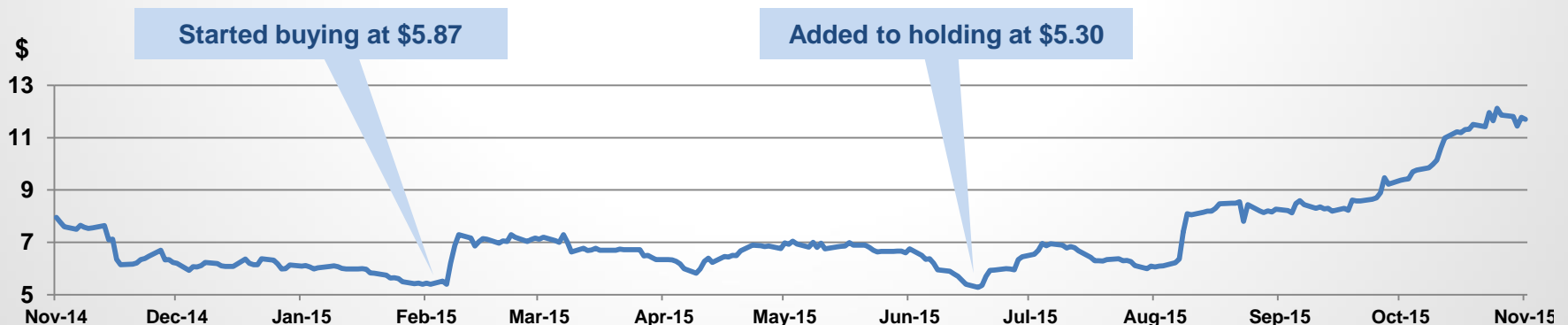
- | | |
|-------------------|--|
| Profile | <ul style="list-style-type: none">• Global crop protection and seed technology company |
| Background | <ul style="list-style-type: none">• Market cap \$2.2b• PE of 17.5x , EPS growth of 19%• New management team recently joined the business, undertaking a large cost-out program |
| Catalysts | <ul style="list-style-type: none">• New management team• Large cost out program• Large improvement in working capital |
| Risks | <ul style="list-style-type: none">• Challenging economic industry conditions in Brazil• Weather related risks |



What has worked – research driven

The Reject Shop (ASX: TRS)

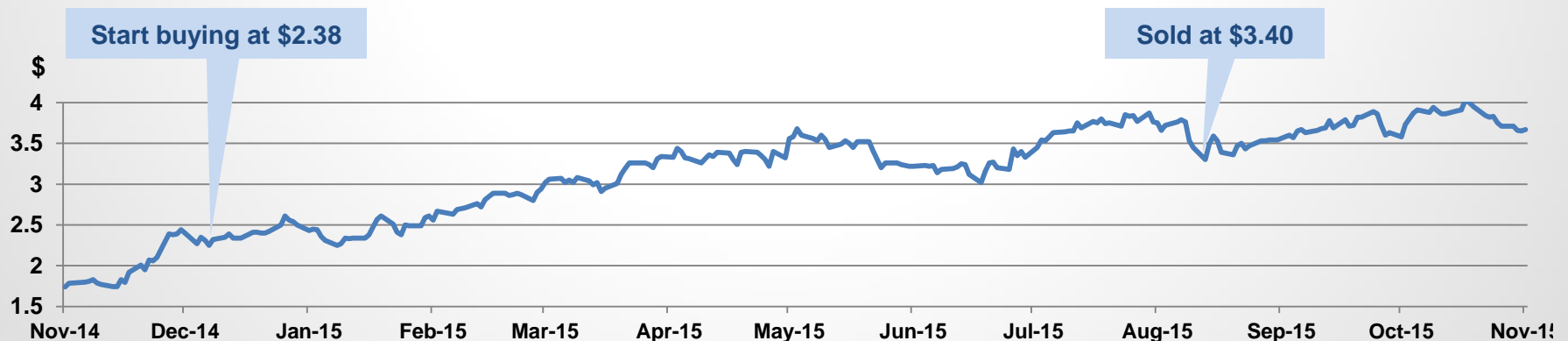
- Profile**
- One of Australia's largest discount variety retailers
- Background**
- Market cap \$320m
 - PE of 18x
 - EPS growth of 32%
 - 333 stores around Australia servicing price conscious consumers
- Catalysts**
- Success of the turnaround strategy demonstrated through:
 - Comparable sales growth
 - Improvement in profitability
 - Performance of the new store formats
- Risks**
- Consumer confidence
 - Expanded product range over the Christmas period



What has worked – market driven

Qantas Airways (ASX: QAN)

- Profile**
- Airline with multiple brands including Qantas, Jetstar, Qantas Link, Qantas Freight
- Background**
- Market cap \$7.5b
 - In FY14 the company reported a \$2.8b loss, due to high operating costs, a poor operating environment and large asset write-downs
 - Began a transformation program to turn the business around
- Catalysts**
- Transformation plan (\$2b in savings)
 - \$1b + reduction in net debt
 - Falling oil price
 - Reduced capacity growth
- Risks**
- Execution of turnaround strategy
 - Unsuccessful enterprise bargaining agreement negotiations
 - Reduction in domestic and international travel



What didn't work – research driven

Retail Food Group Limited (ASX: RFG)



Profile

- Owner of portfolio of franchise brands and coffee roasting business

Background

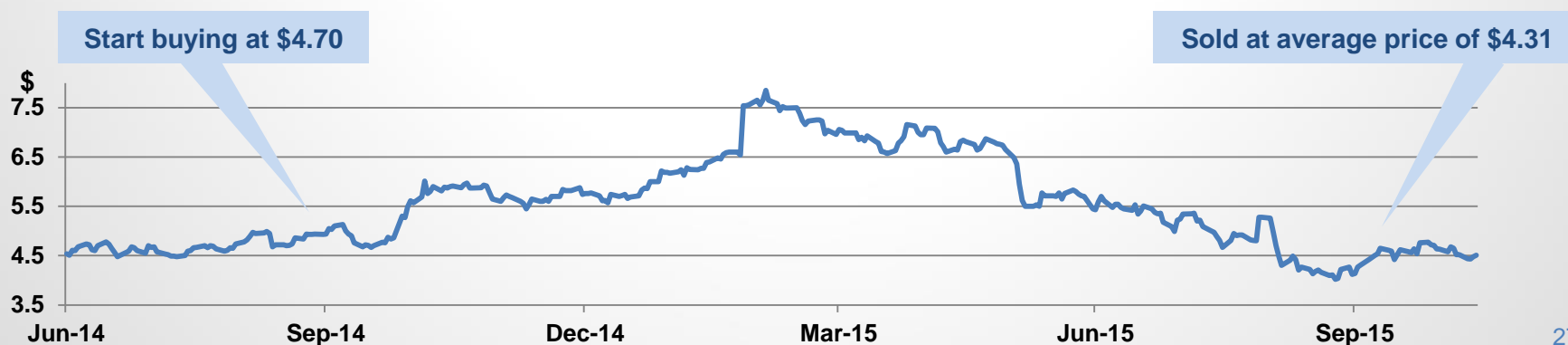
- Market Cap \$740m
- FY16 PE of 11x
- EPS growth 15%

Catalysts

- Acquisition led growth path
- Diversification into coffee exposed businesses
- Opportunity to revamp and roll out new format stores
- Earnings upgrades

What went wrong

- The initial store number target changed
- Growth within the existing businesses were subdued
- Pizza category had fierce competition
- Focus changed to other opportunities than initial were flagged





Performance

WAM Capital outperformance



Performance at 31 October 2015 (% pa)	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (Aug 1999)
WAM Investment Portfolio*	19.4%	19.0%	15.4%	13.9%	18.0%
S&P/ASX All Ordinaries Accumulation Index	0.4%	9.9%	6.8%	6.3%	8.0%
Outperformance	+19.0%	+9.1%	+8.6%	+7.6%	+10.0%

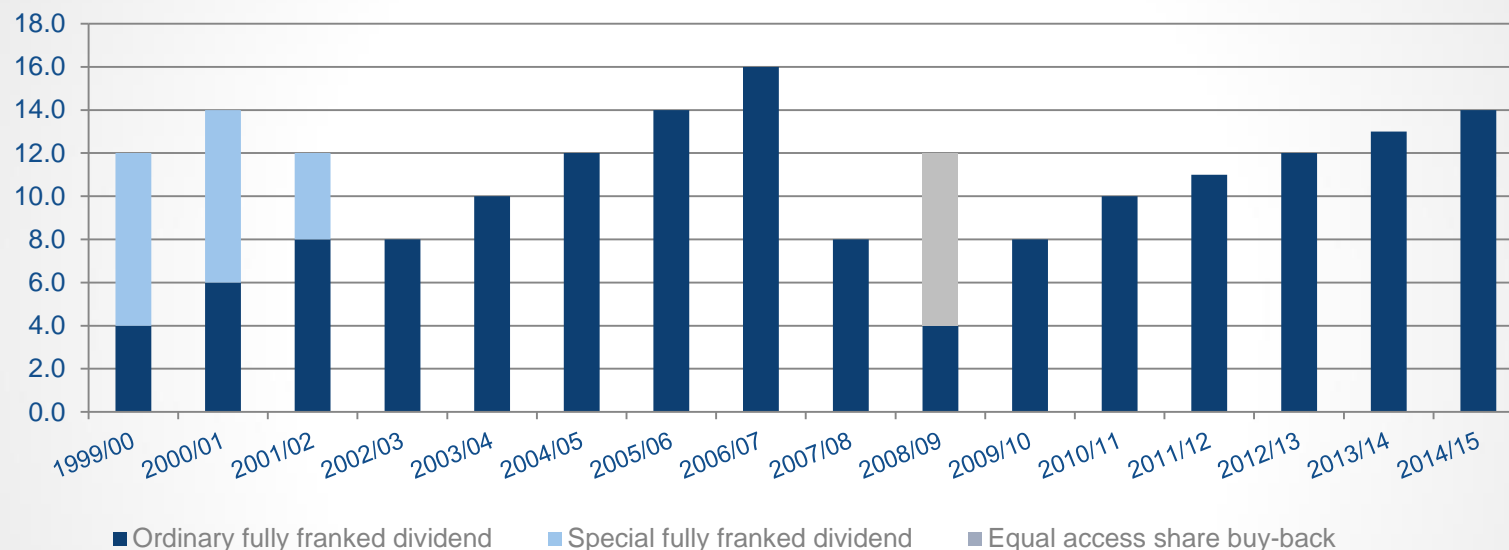
*Investment performance and Index returns are before expenses, fees and taxes

WAM Capital dividend growth



WAM Capital dividends since inception

Cents per share



The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has **sufficient profit reserves** and **franking credits**, and it is within **prudent business practices**

utperformance



Performance at 31 October 2015 (% pa)	1 Yr	3 Yrs	5 Yrs	Since change in investment strategy (July 2010)
WAX Investment Portfolio[*]	24.4%	24.4%	19.4%	19.9%
S&P/ASX All Ordinaries Accumulation Index	0.4%	9.9%	6.8%	8.4%
Outperformance	+24.0%	+14.5%	+12.6%	+11.5%

^{*}Investment performance and Index returns are before expenses, fees and taxes

WAM Research dividend growth



WAM Research dividends since inception



The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has **sufficient profit reserves** and **franking credits**, and it is within **prudent business practices**

WAM Active outperformance

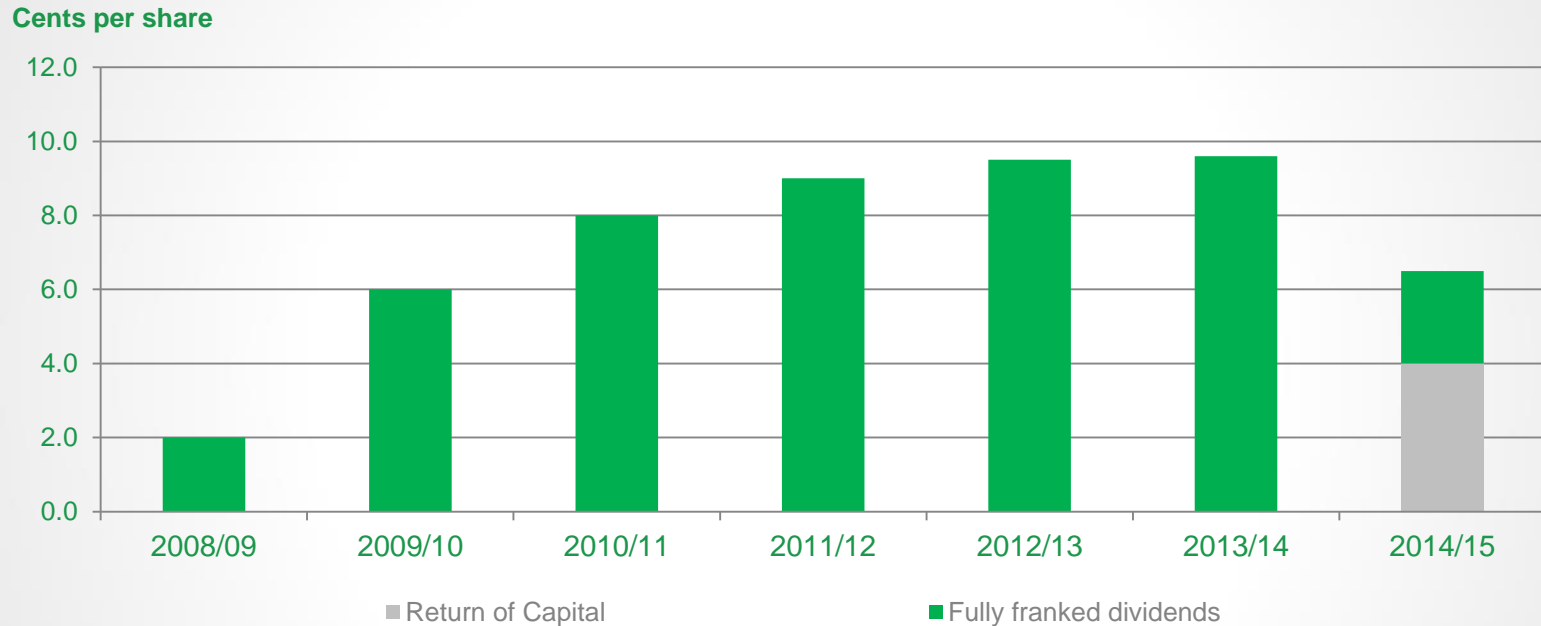


Performance at 31 October 2015 (% pa)	1 Yr	3 Yrs	5 Yrs	Since Inception (Jan 08)
WAA Investment Portfolio*	13.3%	13.6%	11.7%	12.6%
S&P/ASX All Ordinaries Accumulation Index	0.4%	9.9%	6.8%	1.9%
Outperformance	+12.9%	+3.7%	+4.9%	+10.7%
UBS Bank Bill Index (cash)	2.4%	2.7%	3.5%	4.1%
Outperformance	+10.9%	+10.9%	+8.2%	+8.5%

WAM Active dividend growth



WAM Active dividends since inception



The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has **sufficient profit reserves** and **franking credits**, and it is within **prudent business practices**



Making a difference

Changes to franking put to rest?

- During the 2015 financial year we submitted our response to the Federal Government's Tax Discussion Paper
- Our submission argued dividend imputation has significantly benefitted Australia's financial system and should not be changed – we weren't alone
- We will continue to monitor and engage in this debate during the 2016 financial year

“There is strong support for reducing personal income and company tax rates, for abolishing state stamp duties and for **maintaining dividend imputation** from the 850 submissions received on the March discussion paper.”

General manager Roger Brake,
Tax White Paper Taskforce,
August 2015



FUTURE GENERATION
INVESTMENT COMPANY

Future Generation Investment Company (ASX: FGX) announced for FY2015:

\$1.644m

donation to charities focused on children at risk

\$2.5m

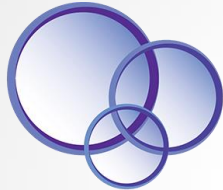
management and performance fees saved

Fully franked 2.0c

per share dividend to shareholders

Since inception the FGX investment portfolio has outperformed the market by

11.3%



FUTURE GENERATION
GLOBAL INVESTMENT COMPANY

\$302.1m raised

In September 2015, Future Generation Global Investment Company (ASX: FGG) listed on the Australian Securities Exchange after raising \$302.1m

\$3m to charity

FGG looks forward to making an annual donation of more than \$3m to charities focused on youth mental health

To hear more about FGX and FGG please join us for the combined Future Generation presentation at **12.15pm**

Wilson Asset Management gives

This year we launched an initiative empowering each staff member to identify causes close to them.

The management company then gifts financial support for a charitable donation.

So far our team has supported:



The Fred Hollows
Foundation



Volunteering

Our team spent a day at volunteering at the Dandelion Support Network, which processes donated nursery equipment and children's clothes local families



Industry recognition

This year, we won the Listed Investment Companies category at the Professional Planner / Zenith Fund Awards – the second year running



Community investment



Investor communication

Investor communication



Weekly emails
including market
update



Half yearly
national investor
presentations



Monthly NTA
announcement
& investment
update



Half & full year
financial results



Website
wamfunds.com.au



Media



Industry
conferences



Independent
research

Contact us

Email: info@wamfunds.com.au

Phone: (02) 9247 6755

Fax: (02) 9247 6855

Website: www.wamfunds.com.au

Twitter: @WilsonAssetMgmt

LinkedIn: Wilson Asset Management