



Investor Presentation

April 2016

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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



Kate Thorley

B Com CPA Grad Dip ACG
Chief Executive Officer
/ Company Secretary



Chris Stott

B Bus Grad Dip App Fin
Chief Investment Officer
/ Portfolio Manager



Matthew Haupt

CFA B Com Grad Dip App Fin
Portfolio Manager



Martin Hickson

B Bus B Comp
Senior Equity Analyst / Dealer



Tobias Yao

CFA B Com
Senior Equity Analyst



John Ayoub

LLB B A Grad Cert App Fin
Senior Equity Analyst

Our listed investment companies



WAM Capital
(ASX: WAM)



WAM Research
(ASX: WAX)



WAM Active
(ASX: WAA)

Gross assets	\$892.9m	\$207.7m	\$35.8m
Share price*	\$2.23	\$1.34	\$1.08
Pre tax NTA	\$1.87	\$1.17	\$1.01
Premium to NTA*	19.2%	14.5%	6.9%
Fully franked dividend yield*^	6.5%	6.3%	4.6%
Investment strategy	Research driven / Market driven	Research driven	Market driven

As at 29 February 2016

*As at 8 April 2016

*^Annualised interim dividend



- Research Driven
- Active
- Index and sector unaware
- Focused on emerging leaders in the S&P/ASX 200 Index

Investment objectives:

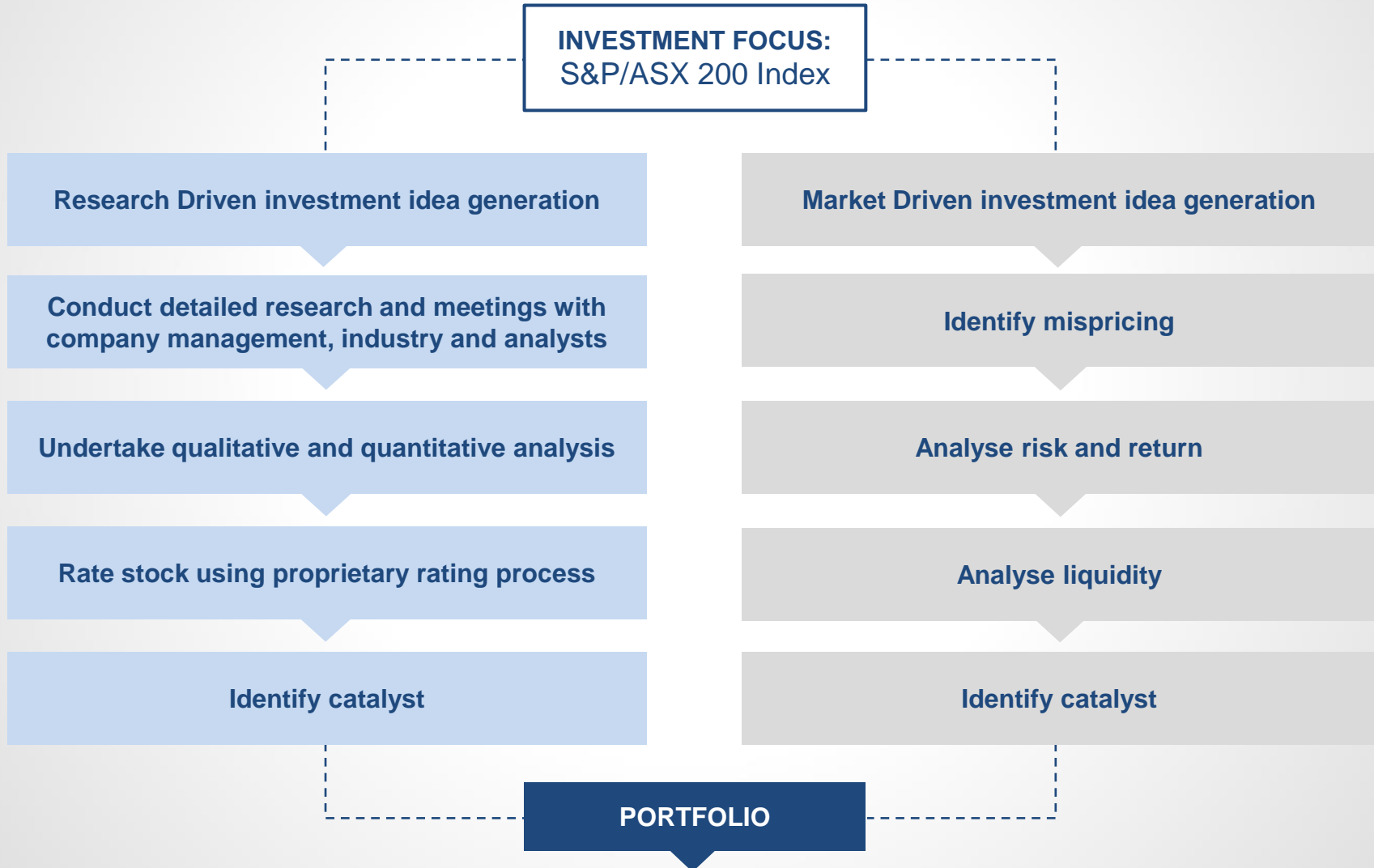
- 1 Deliver a stream of fully franked dividends
- 2 Provide capital growth
- 3 Preserve capital

The Offer:

- \$1.10 issue price + one for one bonus option issue
- Raising up to \$165m + oversubscriptions of \$165m

\$55m priority allocation WAM, WAX and WAA shareholders

WAM Leaders: how we will invest



Ongoing monitoring of securities and risk management

WAM Leaders: the opportunity



Active investment in large-cap listed companies

A rare opportunity to gain exposure to the S&P/ASX 200 Index with an active, index and sector unaware fund manager



Experienced investment team

Wilson Asset Management's investment team has more than 80 years' combined investment experience and a strong track record of performance delivered over almost 20 years



Designated large-cap team

WAM Leaders will benefit from a designated team with a focus on large-cap listed companies



Proven investment methodology

We will employ our absolute bias, bottom-up, fundamental investment methodology with the flexibility to hold cash and short sell



Portfolio diversification

WAM Leaders is complementary to passive large-cap, small-cap and global investments

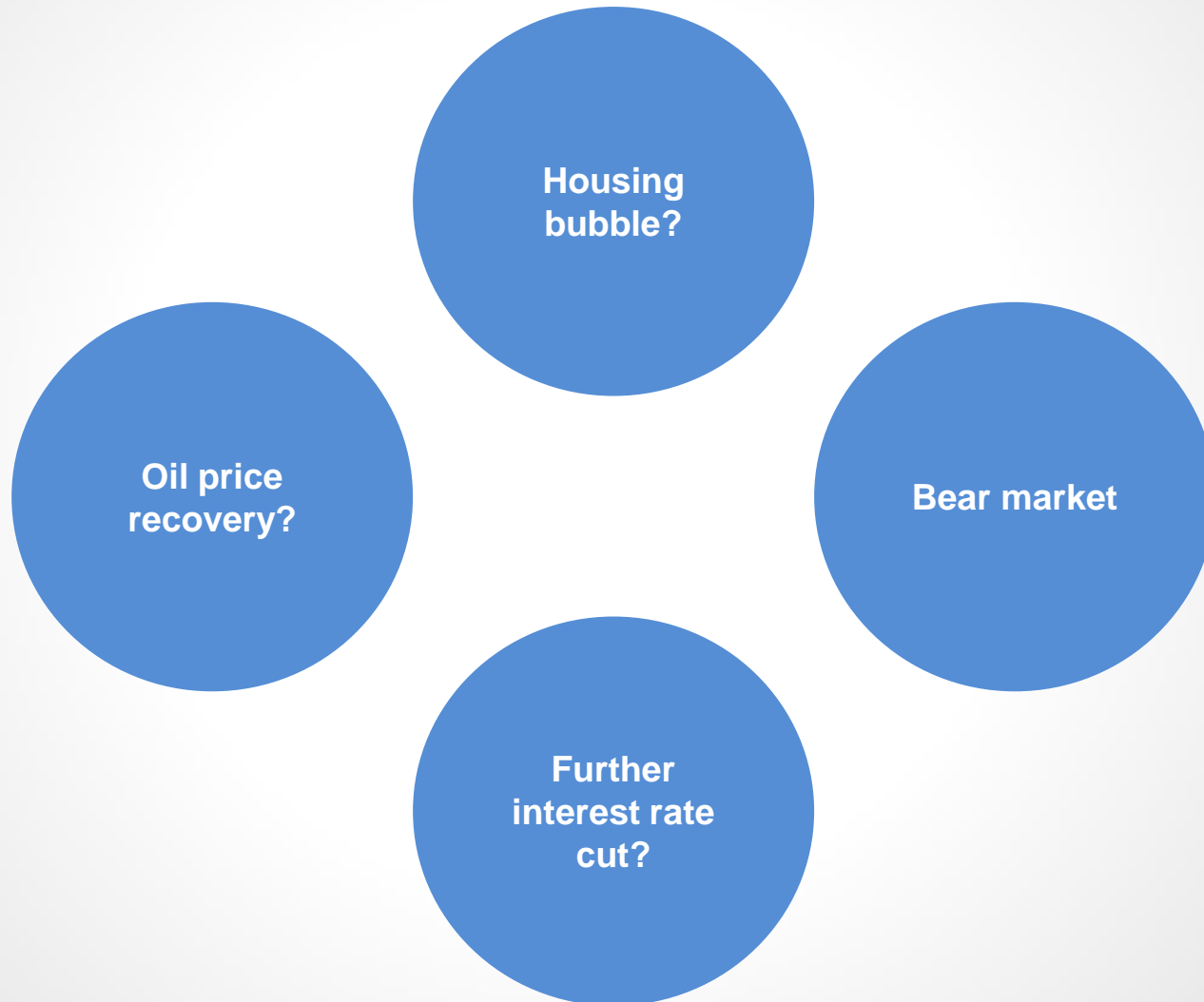


Listed investment company structure

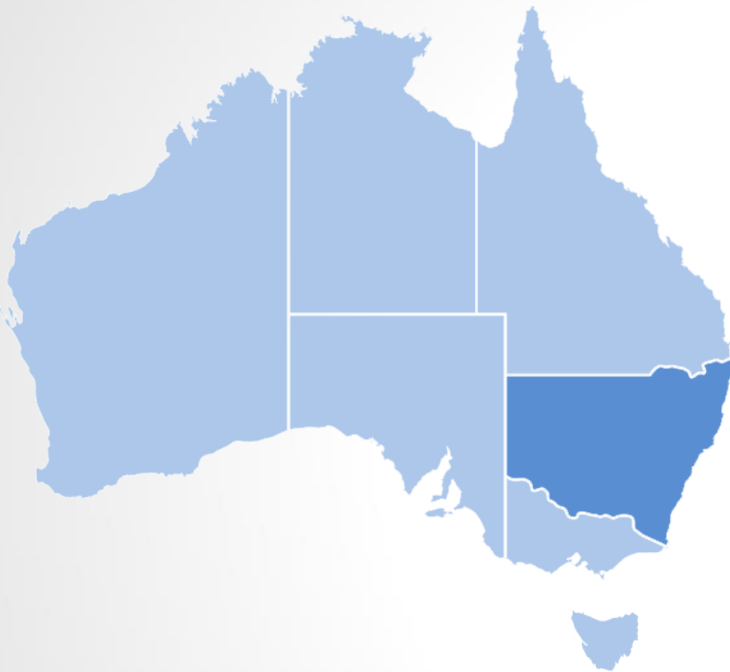
Provides a stream of fully franked dividends, a closed pool of capital and strong corporate governance

WAM Leaders: IPO dates

Broker firm offer expected to close	5.00pm, 10 May 2016
WAM priority allocation expected to close	5.00pm, 17 May 2016
Offer expected to close	5.00pm, 17 May 2016
Expected date of allotment / date of dispatch of holding statements	24 May 2016
Shares and options expected to commence trading on ASX	30 May 2016
Options expiry date	17 November 2017



New South Wales outlook



National Gross Domestic Product growth FY2015/16:

2.6%

NSW Gross Domestic Product growth:

2.5%

NSW unemployment rate:

5.5%

NSW is currently the **main driver** of the nation's economy

Residential construction activity is surging, as is the **infrastructure sector**

New South Wales is also **benefitting** from the **lower exchange rate**, attracting major tourist inflows



National Gross Domestic Product growth FY2015/16:

2.6%

VIC Gross Domestic Product Growth:

2.1%

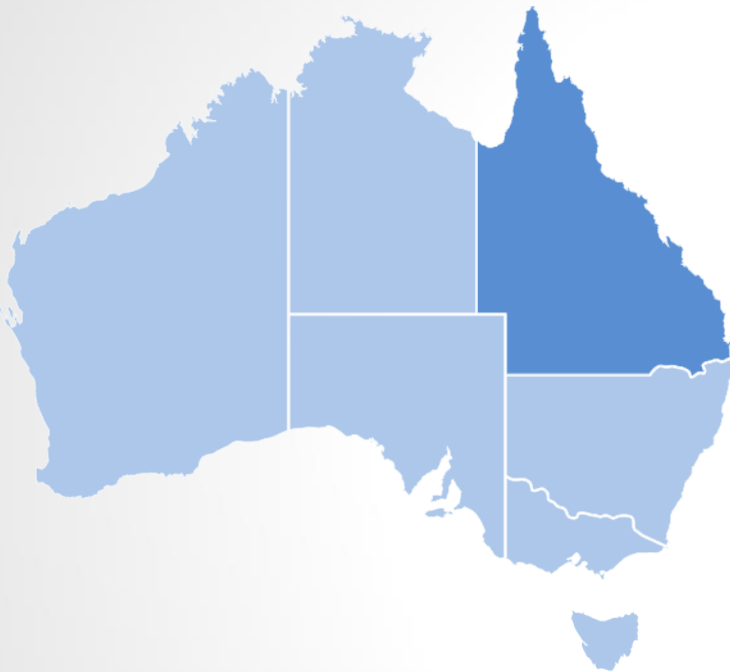
VIC unemployment rate:

6.5%

Victoria is **benefitting** from population growth, tourism flows, residential construction activity, and international student enrolments

Residential construction activity has grown rapidly **raising concerns** around potential downturns for prices and activity

Queensland outlook



National Gross Domestic Product growth FY2015/16:

2.6%

QLD Gross Domestic Product growth:

4.1%

QLD unemployment rate:

6.0%

Queensland's economy is expected to **grow strongly** due to LNG exports

Population growth **moderating**

Residential construction activity is **surging**, raising concerns given weak population growth and subdued income growth

Australian Capital Territory outlook



National Gross Domestic Product growth FY2015/16:

2.6%

ACT Gross Domestic Product growth:

1.2%

ACT unemployment rate:

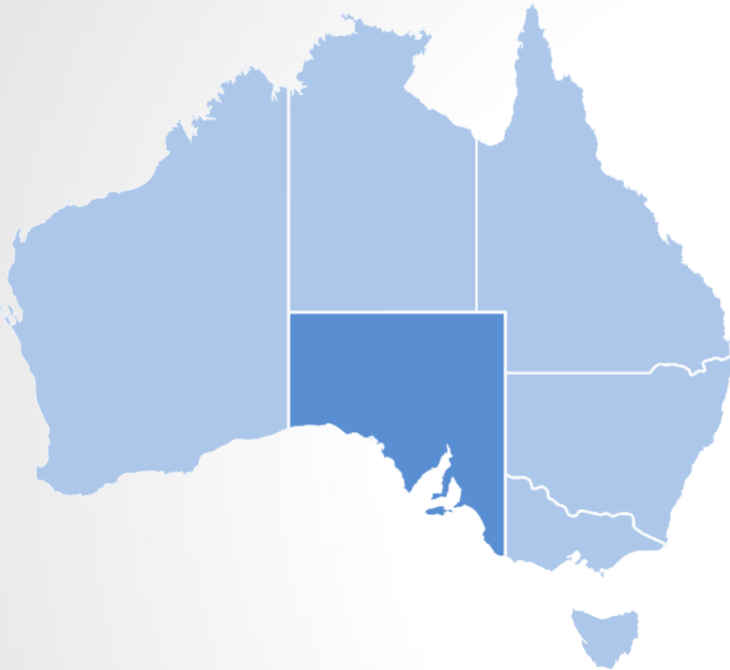
5.3%

Economy is expected to **remain challenged** while the Federal budget is strained

Population growth has **improved**

Heading into major road infrastructure **investment phase** with new light rail network

South Australia outlook



National Gross Domestic Product growth
FY2015/16:

2.6%

SA Gross Domestic Product growth:

1.2%

SA unemployment rate:

7.3%

Outlook remains challenging, reflecting
industry structure and **sluggish
population growth**

Manufacturing sector remains **under
pressure** despite the decline in the A\$



National Gross Domestic Product growth FY2015/16:

2.6%

WA Gross Domestic Product growth:

2.6%

WA unemployment rate:

6.9%

Decline in commodity prices, peaking of mining investment activity, slowing population growth, and strain in the housing sector will **drag on the economy**

Export volumes are picking up

Falling house prices and declining rents to weigh on **residential construction** activity and **consumer spending**

Australia's tourism boom

- Australia is experiencing a tourism boom
- Weak Australian dollar driving domestic demand, as well as **increasing the appeal of Australia** as a travel destination for overseas visitors
- In the 12 months to December 2015, domestic and international tourism contributed **\$94.5 billion to Australia's economy**
- The drivers of Australia's tourism sector show no immediate signs of abating
- Tourism is a "super-growth sector" and it is forecasted that it will **contribute more than \$145 billion to the economy** by 2024-25
- We have exposure to the tourism boom through our investment in **Ardent Leisure Group** (ASX: AAD) and **Skydive the Beach Group** (ASX: SKB)

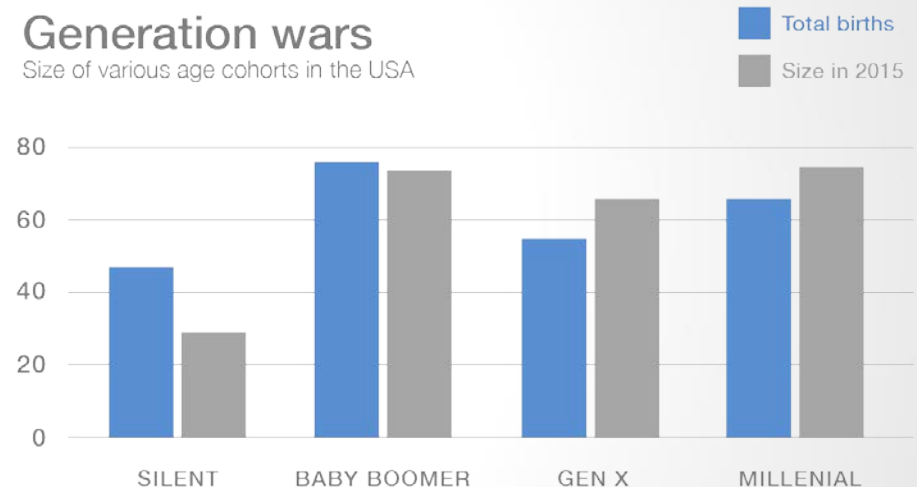


The battle between millennials and baby boomers

- Rising tension between millennials and baby boomers is an **emerging economic theme**
- In the US, **millennials have eclipsed baby boomers** in terms of population but not on spending
- Millennials are **underpaid and swimming in student debt**, while boomers are benefiting from relatively **high asset prices**
- Baby boomers spending focus is on **healthcare** and **travel**
- Millennials **preference to buy experiences** rather than things
- Value-oriented stocks are typically focused towards baby boomers
- We have exposure to this trend through our investment in **Webjet** (ASX: WEB)

Generation wars

Size of various age cohorts in the USA



Continued Chinese demand

- While the Australian sharemarket has fallen, the share prices of ASX-listed companies with **exposure to the Chinese consumer have skyrocketed**
- The **most popular** product category for export to China is **skincare**
- Dramatic falls on China's sharemarket and a recent soft GDP figure have done little to dent the confidence of consumers in the **world's second largest economy**
- Three key factors driving Chinese demand:
 1. **Confidence**
 2. **Urbanisation**
 3. **Population growth**
- In the last 12 months, **A2 Milk** (ASX: A2M) and **Blackmores** (ASX: BKL) were included in our best performing stocks
- We have exposure to Chinese demand through our investment in **BWX** (ASX: BWX) and **Trilogy International** (ASX: TIL)



What we like – Research Driven

Southern Cross Media

ASX: SXL

Profile

Australian media company with regional and metro radio assets, as well as a regional TV asset through an affiliate deal with Channel Ten

Background

- Market cap \$850m
- Forward PE of 10x
- EPS growth of 14%

Catalysts

- Industry consolidation as a result of potential media reforms
- Cost optimisation
- Continued growth in advertising share

Risks

- Timing of the media reforms
- Affiliate deal renegotiations
- Weak advertising market



What we like – Market Driven

Pacific Brands

ASX: PBG

Profile

Australian consumer products company which owns a portfolio of brands, including Bonds and Sheridan

Background

- Market cap: \$940mil
- FY16 PE of 19x
- EPS growth of 33%
- Bonds' profitability turn around coupled with continued growth in Sheridan and international gaining pace
- Transition from wholesale to retail strategy

Catalysts

- Continued strength in like-for-like sales growth
- Cost out management to achieve its long term EBIT margin target of 10%
- Domestic and international store roll out

Risks

- Consumer sentiment
- FX movements

PACIFIC
B **R** BRANDS



What has worked – Research Driven

The A2 Milk Company

ASX: A2M

Profile

Retailer of A2 branded milk products including liquid milk, yoghurt and infant formula

Why we bought it

- On the ground research identified huge demand for infant formula
- Large growth in grey market, where product is bought in Australia and on-sold overseas
- Stock shortages across retailers
- Huge operating leverage resulting in large growth in profit

Why it worked

- Company increased infant formula capacity to meet demand
- Announced three profit upgrades over the period we held the position
- We exited our position in February 2016 due to the company reaching our valuation and concerns around regulatory changes in China



What didn't work – Market Driven

Spotless Holdings Ltd

ASX: SPO

Profile

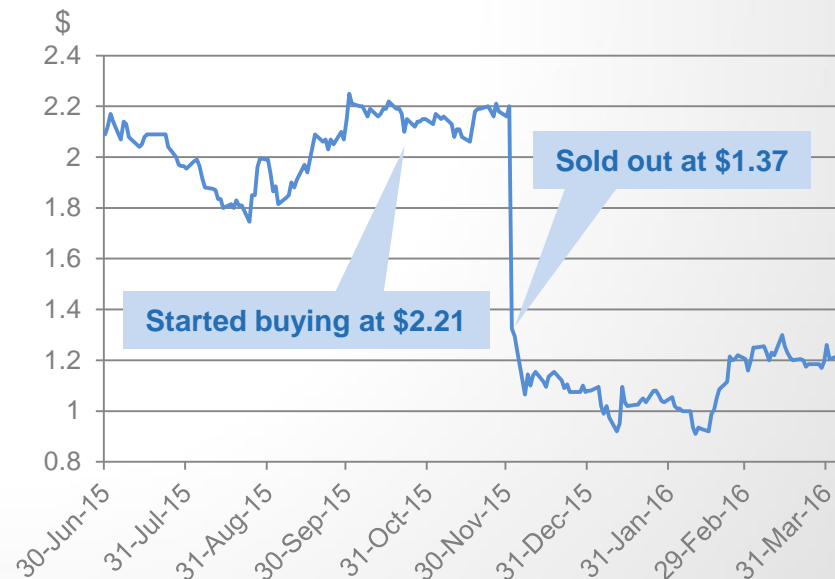
Outsourced facilities, laundry and linen provider to private and government departments

Why we bought it

- We believed accretive acquisitions and contract wins would lead to earnings upgrades
- Company confirmed guidance in late October 2015, so we believed existing business was trading well

Why it didn't work

- In early December, after confirming guidance, the company announced a 20% profit downgrade
- Downgrade due to delay in new contracts and synergies from previous acquisitions not being achieved
- Share price fell 40% on the day of the downgrade
- Position was cut on the day of the profit downgrade, stock ended up falling a further 30% over the following two months



WAM Capital: outperformance



Performance at 29 February 2016 (% pa)	1 YEAR	3 YEARS	5 YEARS	10 YEARS	Since Inception (Aug 1999)
WAM Investment Portfolio*	12.5%	13.9%	13.5%	12.9%	17.7%
S&P/ASX All Ordinaries Accumulation Index	-12.2%	3.2%	4.6%	4.5%	7.5%
Outperformance	+24.7%	+10.7%	+8.9%	+8.4%	+10.2%

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

WAM Capital: dividend growth



WAM Capital dividends since inception

Cents per share



*Annualised interim dividend

WAM Capital 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 Research: outperformance



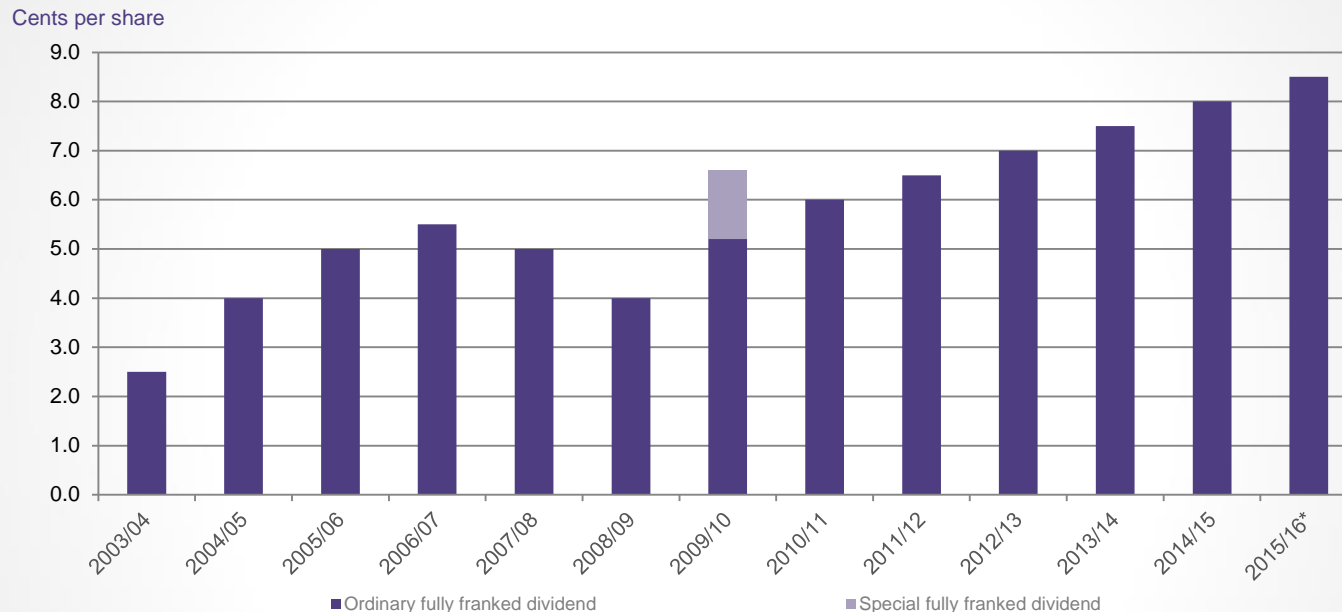
Performance at 29 February 2016 (% pa)	1 YEAR	3 YEARS	5 YEARS	Since change in investment strategy (July 2010)
WAX Investment Portfolio *	15.4%	18.7%	17.1%	18.9%
S&P/ASX All Ordinaries Accumulation Index	-12.2%	3.2%	4.6%	7.0%
Outperformance	+27.6%	+15.5%	+12.5%	+11.9%

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

WAM Research: dividend growth



WAM Research dividends since inception



*Annualised interim dividend

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



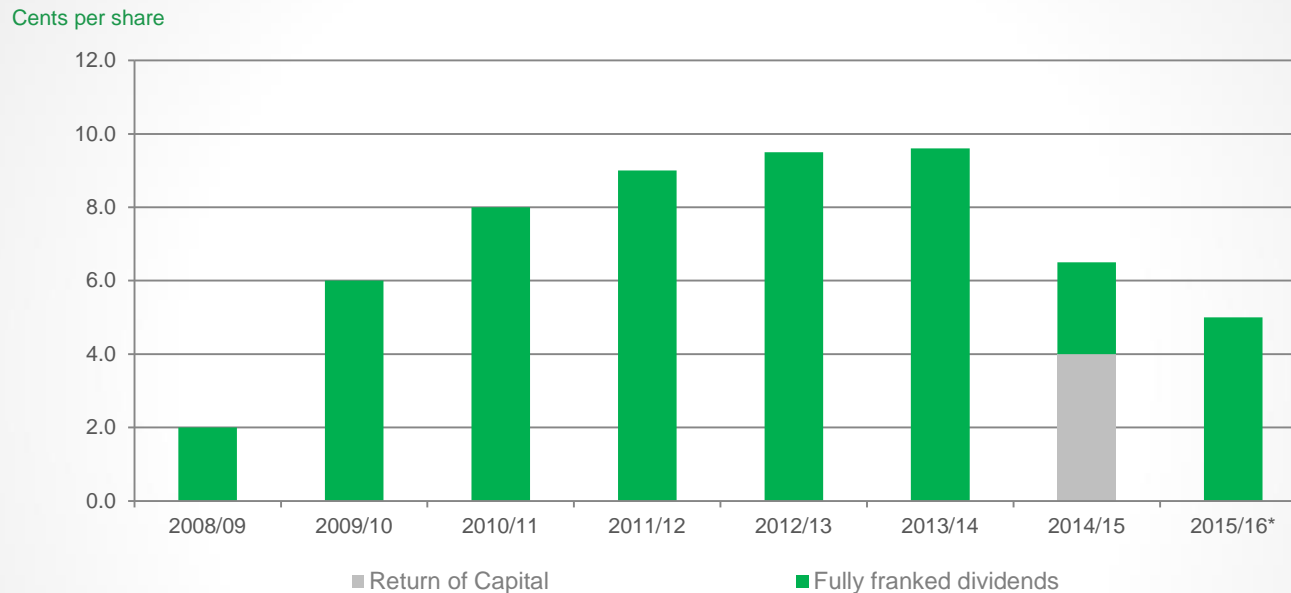
Performance at 29 February 2016 (% pa)	1 YEAR	3 YEARS	5 YEARS	Since Inception (Jan 08)
WAA Investment Portfolio*	9.5%	9.2%	10.6%	12.2%
S&P/ASX All Ordinaries Accumulation Index	-12.2%	3.2%	4.6%	1.2%
Outperformance	+21.7%	+6.0%	+6.0%	+11.0%
UBS Bank Bill Index (cash)	2.2%	2.6%	3.3%	4.0%
Outperformance	+7.3%	+6.6%	+7.3%	+8.2%

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

WAM Active: dividends



WAM Active dividends since inception



*Annualised interim dividend

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**

In March, Wilson Asset Management joined **Pledge 1%**

Pledge 1% is a global corporate philanthropy movement, recognised by its significant contribution to charities, delivered by donations and employee time.

Pledge 1% empowers companies to donate 1% of product, 1% of equity, 1% of profit or 1% of employee time to improve communities around the world.

We are committed to improving the community with our current initiative Wilson Asset Management Gives.

We will be increasing this commitment by additionally donating over 1% of profit and 1% of employee time.

All donations are made by Wilson Asset Management (the investment manager) and/or its staff, not the listed entities

Investor communication



Weekly emails
including market
update



Half yearly
national investor
presentations



Monthly NTA
announcement
& investment
update



Half & full year
financial results



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Independent
research



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