

# WAM ALTERNATIVE ASSETS LIMITED

ABN 47 168 941 704

## Appendix 4E Preliminary Final Report for the year ended 30 June 2021

### Results for Announcement to the Market

All comparisons to the year ended 30 June 2020

	\$	up/down	% mvmt
Revenue from ordinary activities	26,554,172	up	131.7%
Profit from ordinary activities before income tax expense	22,627,672	up	250.1%
Net profit from ordinary activities after income tax expense	18,019,312	up	251.1%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2021 Final dividend cents per share	2.0c	2.0c	25%
2021 Interim dividend cents per share	1.0c	1.0c	26%

### Final dividend dates

Ex dividend date	11 October 2021
Record date	12 October 2021
Last election date for the DRP	14 October 2021
Payment date	22 October 2021

### Dividend Reinvestment Plan

The Board of Directors has adopted a new Dividend Reinvestment Plan ("DRP") effective 27 August 2021. The new DRP is in operation and the recommended fully franked final dividend of 2.0 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 new DRP will operate without a discount for the final dividend.

For further information regarding the new DRP, please visit [wilsonassetmanagement.com.au/lic/alternative-assets](http://wilsonassetmanagement.com.au/lic/alternative-assets).

	30 Jun 21	30 Jun 20
Net tangible asset backing (after tax) per share	\$1.14	\$1.09

This report is based on the Annual Report which has been audited by Pitcher Partners. The audit report is included with the Company's Annual Report which accompanies this Appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.

W | A | M *Alternative Assets*

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A N N U A L  
R E P O R T

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 **Wilson**  
Asset Management

OVER **20** Making a  
YEARS difference

## 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 and real estate. The Company aims to expand into new asset classes such as private debt and infrastructure.

### Wilson Asset Management

#### Directors

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

#### Company Secretary

Jesse Hamilton

#### Investment Committee

Geoff Wilson AO (Chairman)  
Adrian Siew  
Sally Box  
John Roberts

#### Investment Manager

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

#### Country of Incorporation

Australia

#### Registered Office

Level 26, Governor Phillip Tower  
1 Farrer Place Sydney NSW 2000

#### Contact Details

Postal Address: GPO Box 4658  
Sydney NSW 2001

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**F** (02) 9247 6855

**E** [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au)

**W** [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

Wilson Asset Management was  
appointed as the Investment  
Manager on 14 October 2020.

### Share Registry

Automatic Pty Limited  
Level 5, 126 Phillip Street  
Sydney NSW 2000

**T** 1300 408 788 (in Australia)

**T** +61 2 8072 1490 (International)

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**)

### Auditor

Pitcher Partners



## Shareholder Presentations November 2021

Due to the ongoing health concerns as a result of the coronavirus pandemic, WAM Vault will replace our Shareholder Presentations. Further information will be provided at [wilsonassetmanagement.com.au/vault](http://wilsonassetmanagement.com.au/vault).

# W | A | M Vault

## FY2021 highlights

**+42.4%**

total shareholder  
return

**+13.3%**

investment portfolio  
performance

**3.0C**

fully franked full year  
dividend

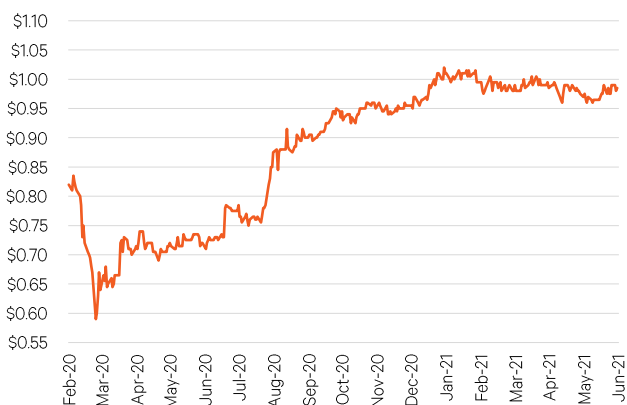
**2.0C**

FY2022 interim dividend  
guidance

### 30 June 2021 snapshot

Announcement of new Investment Manager	28 February 2020
Appointment of new Investment Manager	14 October 2020
Gross assets	\$225.8m
Market capitalisation	\$191.0m
Shares on issue	193,932,860
Share price	\$0.985
Net tangible assets (pre-tax)	\$1.17
Net tangible assets (post-tax)	\$1.14
FY2021 fully franked full year dividend	3.0 cents
FY2022 interim dividend guidance	2.0 cents
FY2022 annualised interim dividend yield	4.1%

### Share price since the announcement of Wilson Asset Management as the Investment Manager



The appointment of Wilson Asset Management as Investment Manager was first announced on 28 February 2020.

### FY2021 results

WAM Alternative Assets reported a record operating profit before tax of \$22.6 million for the year (FY2020: \$6.5 million) and a record operating profit after tax of \$18.0 million (FY2020: \$5.1 million), reflective of the solid investment portfolio performance during the year.

The investment portfolio increased 13.3% in the 12 months to 30 June 2021 and 13.2% since the appointment of Wilson Asset Management as Investment Manager in October 2020. Private equity and real assets (primarily water assets) were the key contributors to the investment portfolio performance during the financial year.

The narrowing of the share price discount to NTA, combined with the solid investment portfolio performance and the fully franked dividends paid during the period, resulted in a total shareholder return of 42.4% for the period to 30 June 2021. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

The Board of Directors has declared a fully franked full year dividend of 3.0 cents per share, with the fully franked final dividend being 2.0 cents per share. Additionally, the Board is pleased to announce its intention to deliver a FY2022 interim dividend of 2.0 cents per share (subject to no material adverse change in the investment portfolio), representing a 100% increase on the FY2021 interim dividend. The interim dividend guidance has been achieved through the solid performance of the investment portfolio and the profits reserve available, and is consistent with the Company's investment objective to deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.



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# Letter from the Chairman

Michael Cottier



Dear Fellow Shareholders,

On behalf of the Board of Directors of WAM Alternative Assets, I would like to thank all shareholders for their support during the 2021 financial year and welcome all new shareholders who have joined us. Since joining the Wilson Asset Management family of listed investment companies (LICs) in October 2020, the WAM Alternative Assets investment portfolio, led by Portfolio Manager Dania Zinurova, has delivered solid returns for shareholders.

The investment portfolio increased 13.3% in the 12 months to June 2021 and 13.2% since the appointment of Wilson Asset Management as Investment Manager in October 2020. The solid investment portfolio performance has been driven by positive revaluations of the underlying investments in the current period, with strong performance from private equity and real assets (primarily water assets). WAM Alternative Assets reported a record operating profit before tax of \$22.6 million (FY2020: \$6.5 million) and a record operating profit after tax of \$18.0 million (FY2020: \$5.1 million), reflective of the solid performance of the investment portfolio over the period.

The Board of Directors has declared a fully franked full year dividend of 3.0 cents per share, with the fully franked final dividend being 2.0 cents per share. Additionally, the Board is pleased to announce its intention to deliver a FY2022 interim dividend of 2.0 cents per share (subject to no material adverse change in the investment portfolio), representing a 100% increase on the FY2021 interim dividend. The interim dividend guidance has been achieved through the solid performance of the investment portfolio and the profits reserve available, and is consistent with the Company's investment objective to deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

The narrowing of the share price discount to net tangible assets (NTA), combined with the investment portfolio performance and the fully franked dividends paid during the period, resulted in a total shareholder return of 42.4% for the period to 30 June 2021.

During the period, our investment in the Better Medical Fund, a group of mixed billing family medical clinics around Australia managed by Fortitude Investment Partners, was a significant contributor as Fortitude Investment Partners achieved a successful exit of the underlying business in February 2021. The sale transaction was completed and we have received sale proceeds from the exit.

Another contributor to the investment portfolio performance during the year was the Argyle Water Fund. The tax structure of the Argyle Water Fund changed from a public trading trust to a flow-through tax structure during the year, due to the increased proportion of institutional investments in the fund which resulted in the unwinding of accrued tax liabilities and FY2021 tax payments becoming refundable to the trust, driving an increase in the underlying unit price of fund.

We are pleased with the progress that Wilson Asset Management and Portfolio Manager Dania Zinurova have made since being appointed in October 2020. We continue to see significant opportunities within alternative assets and are enthusiastic about our existing and new investment partnerships. During the financial year, we made commitments to three new investment partners; Palisade Investment Partners through the Palisade Diversified Infrastructure Fund (PDIF), \$15.0 million; Barwon Investment Partners through the Barwon Institutional Healthcare Property Fund (BIHPF), \$15.0 million; and Adamantem Capital through the Adamantem Fund 2, \$8.0 million.

We look forward to delivering on our commitments and providing retail investors with exposure to a high quality portfolio of alternative assets.

**+42.4%**

**total shareholder  
return in FY2021**

**3.0 cents  
per share**

**FY2021 fully  
franked full year  
dividend**

**2.0 cents  
per share**

**FY2022 interim  
dividend guidance**

## Company performance

There are three key measures crucial to the evaluation of a listed investment company's performance: investment portfolio performance, net tangible asset growth and total shareholder return.

### 1) Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio and cash before expenses, fees and taxes, but after fees of the underlying investment fund managers. A key objective of WAM Alternative Assets is to consistently deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits to shareholders.

FY2021 Investment  
portfolio  
performance

+13.3%

Performance at 30 June 2021	3 mths	6 mths	Since appointment of Wilson Asset Management (Oct-20)
WAM Alternative Assets Investment Portfolio	6.3%	9.3%	13.2%

Investment portfolio performance is before expenses, fees and taxes.

The WAM Alternative Assets investment portfolio increased 13.3% in the 12 months to 30 June 2021, while holding on average 24.8% of the investment portfolio in cash. The investment portfolio has increased 13.2% since the appointment as Wilson Asset Management as Investment Manager in October 2020. This measure is before expenses, fees and taxes, but after fees of the underlying investment fund managers.

Private equity and real assets (primarily water assets) were the key contributors to WAM Alternative Assets' performance during the financial year. The Australian private equity market continues to be an attractive asset class for investors, generally delivering returns with lower median risk when compared to other global markets. 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.

### 2) Net tangible asset (NTA) growth

NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax and management fees). The NTA represents the realisable value of the Company and is provided to shareholders and announced to the ASX each month.

FY2021 NTA  
growth

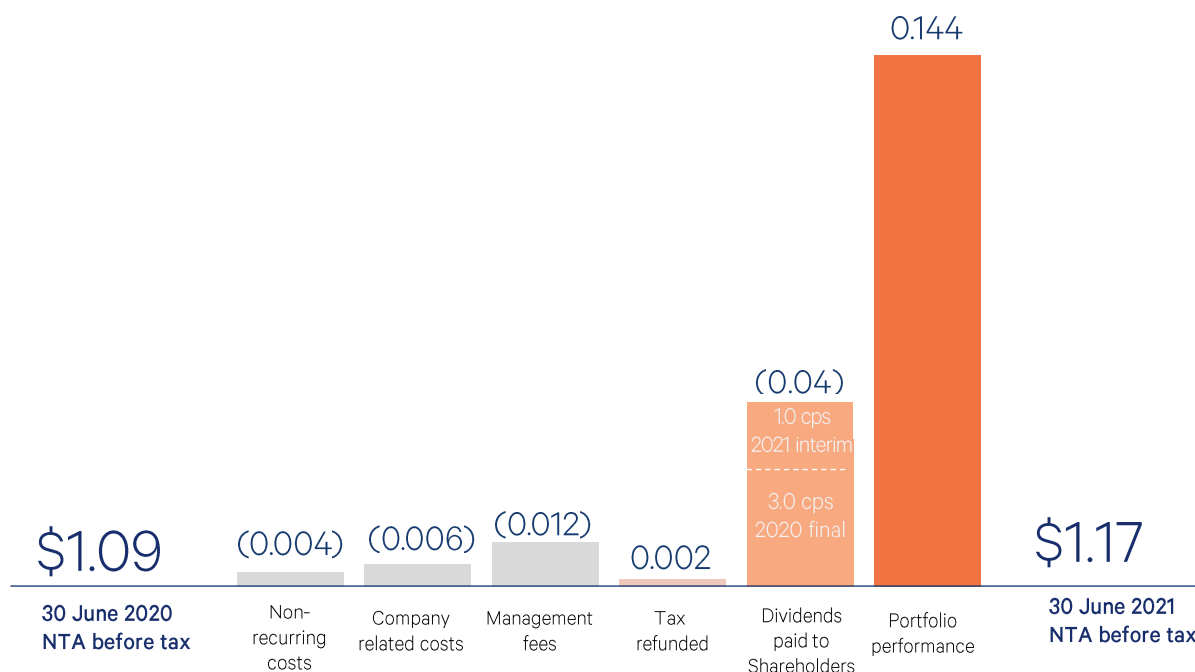
+11.5%

WAM Alternative Assets' pre-tax NTA increased 11.5% in the 12 months to 30 June 2021, including the 4.0 cents per share of fully franked dividends paid to shareholders during the year. This increase is after corporate tax refunded of 0.2 cents per share or 0.2% during the year in relation to the FY2020 income tax return (prior to the appointment of Wilson Asset Management as the Investment Manager of the Company). The major items of difference between the NTA performance of 11.5% and the investment portfolio performance of 13.3% were management fees of 1.1%\*, other company related expenses of 0.5% and non-recurring expenses of 0.4%. Non-recurring expenses during the period relate to expenses of the Company in relation to the change of investment manager, prior to the appointment of Wilson Asset Management in October 2020.

\*Management fees of 1.1% during the period includes fees of 1.2% per annum (excluding GST) initially charged by BSAAF Management Pty Limited and the 1.0% per annum (excluding GST) charged by Wilson Asset Management as the appointed Investment Manager of the Company from October 2020.

The current tax liability payable at 30 June 2021 is \$706,210 or 0.3 cents per share. The franking credits attached to the corporate tax payments are available for distribution to shareholders through fully franked dividends.

### WAM Alternative Assets pre-tax NTA



### 3) Total Shareholder Return (TSR)

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends.

FY2021 TSR

**+42.4%**

This measure shows the tangible return to shareholders, being the change in the share price together with dividends paid, assuming their reinvestment. The narrowing of the share price discount to net tangible assets (NTA), combined with the solid investment portfolio performance and the fully franked dividends paid during the period, resulted in a total shareholder return of 42.4% for the period to 30 June 2021. As at 30 June 2021, the share price discount to NTA was 15.5%, an 18.2% reduction on the previous period (FY2020: 33.7%).

## Dividends

The Board of Directors is pleased to deliver a fully franked final dividend of 2.0 cents per share that will be paid on 22 October 2021. The record date is 12 October 2021 and the shares will trade ex dividend on 11 October 2021. The Board of Directors has adopted a new Dividend Reinvestment Plan (DRP) effective 27 August 2021. The new DRP will be in operation for the final dividend; shareholders can elect to participate up until 14 October 2021 for the final dividend to be eligible for the dividend reinvestment plan. The new DRP will operate without a discount for the final dividend. For further information regarding the new DRP, please visit [wilsonassetmanagement.com.au/lic/alternative-assets](https://wilsonassetmanagement.com.au/lic/alternative-assets).

Additionally, the Board is pleased to announce its intention to deliver a FY2022 interim dividend of 2.0 cents per share (subject to no material adverse change in the investment portfolio), representing a 100% increase on the FY2021 interim dividend. The interim dividend guidance has been achieved through the solid performance of the investment portfolio and the profits reserve available, and is consistent with the Company's investment objective to deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

The Company's profits reserve has grown from 2.5 cents per share in October 2020, with the appointment of Wilson Asset Management, to 11.5 cents per share as at 31 July 2021 through the solid performance of the investment portfolio over this period. The Board is committed to paying a stream of 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.

I encourage you to visit the Wilson Asset Management website and subscribe to receive updates. If you have any questions or suggestions regarding WAM Alternative Assets or Wilson Asset Management, please contact myself or Wilson Asset Management Head of Corporate Affairs, James McNamara, on (02) 9247 6755 or email [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au).

Thank you for your continued support and keep safe.



**Michael Cottier**  
Chairman

# Portfolio Manager update

Dania Zinurova



Dear Fellow Shareholders,

We continued our focus on revitalising the WAM Alternative Assets investment portfolio in FY2021, and I am pleased to share the progress we are making so far on behalf of shareholders.

In FY2021, we adopted a more holistic approach to portfolio construction, after completing a strategy review following the appointment of Wilson Asset Management as the Investment Manager in October 2020. Pleasingly, the investment portfolio increased 13.3% in the 12 months to June 2021 and 13.2% since our appointment in October 2020. The primary contributors to the portfolio's performance during the financial year were from private equity and real assets exposures.

Investors are attracted to the Australian private equity and venture capital markets because of its growth potential, transparent and stable regulatory environment, strong economic fundamentals and sophistication of the industry. Real assets serve as a strong diversifier from equity risk premiums, are an inflation hedge and often have negative to low correlation to other asset classes. Strong market fundamentals in Australia underpin real assets: Australia remains one of the largest net food exporters; leads the world in hectares of organic certified farming; and benefits from its unique position as a counter-cyclical producer to the Northern Hemisphere and close proximity to the growing Asian markets.

We are excited about existing partnerships and the new commitments we made during the year with Palisade Investment Partners, Barwon Investment Partners and Adamantem Capital. Palisade Investment Partners is a specialist infrastructure investment manager providing dedicated asset management services, investing predominantly in Australian infrastructure. Since inception in 2007, Palisade has grown the Palisade Diversified Infrastructure Fund (PDIF) portfolio to \$1.3 billion by investing in over 20 high quality infrastructure assets and delivering strong returns, driven by yield and capital appreciation. The addition of PDIF to WAM Alternative Assets' investment portfolio provides diversification, access to strong yield and an investment opportunity set with attractive underlying market fundamentals.

Barwon Investment Partners is a boutique fund manager focused on Australian real estate, and in 2016, was one of the first fund managers in Australia to launch a dedicated healthcare real estate strategy for institutional investors. Healthcare real estate has attractive fundamentals, with strong demographic and economic tailwinds and demand outpacing the supply of assets. This sector differentiates itself by long lease contracts (often over 10 years), fixed or regular rental valuation increases and the potential for



## Portfolio Manager update

further capital appreciation. The Barwon Institutional Healthcare Property Fund is a growing portfolio of 16 high quality healthcare property assets with quality tenants, such as Healthe Care, Healthscope and Calvary.

Adamantem Capital is a private equity firm specialising in buy-out transactions in Australia and New Zealand, with a specific focus on mid-market opportunities in the consumer, healthcare, and business services sectors. Adamantem typically targets companies with an Enterprise Value between \$100 million to \$300 million and seeks to work in close partnership with business founders and management teams.

The Australian alternative assets market showed resilience in FY2021, supported by strong demand from both domestic and offshore investors as they continued their search for diversification and growth opportunities within their investment portfolios. We expect the existing investments within the portfolio to mature in two to five years and will continue to recycle the capital received from exits into new opportunities.

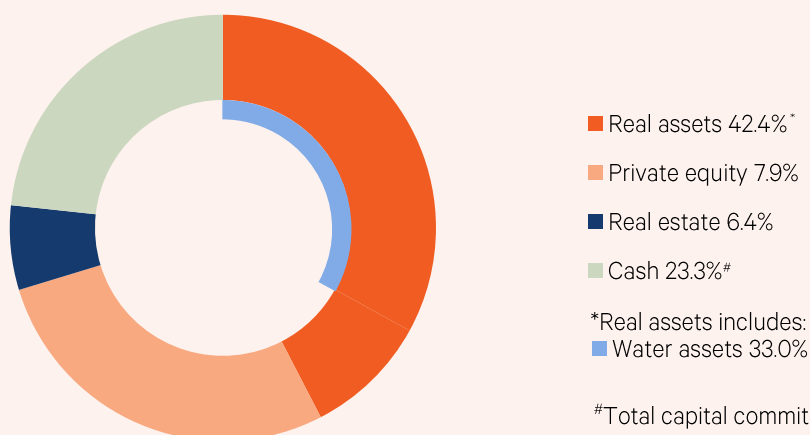
We remain focused on engaging with shareholders, financial planners, advisors and market participants as we work to return the share price to a premium to NTA. We remain positive on the environment for alternative assets, with many sectors set to benefit from strong economic growth and conditions, and we look forward to identifying compelling investments from this broad opportunity set for shareholders.

Thank you for your support.



**Dania Zinurova**  
Portfolio Manager

## Asset class exposure at 30 June 2021



# Investment Manager update

Wilson Asset Management  
Chief Executive Officer Kate Thorley



## Dear Fellow Shareholders,

As the Chief Executive Officer of Wilson Asset Management, I want to thank our fellow shareholders for their support and loyalty throughout the financial year. WAM Alternative Assets (ASX: WMA) is your company and I am pleased to share some exciting updates and insights from the year with you.

I extend my sincere thanks to Portfolio Manager Dania Zinurova, who contributes immensely to our team and culture. We are fortunate to have Dania in the Wilson Asset Management Family.

Wilson Asset Management prides itself on being a dedicated, high-performing business, committed to best serving our shareholders. During the year, we promoted several team members in recognition of the exceptional quality of their work, including: Nick Healy to Portfolio Manager; Shaun Weick to Senior Equity Analyst; Cooper Rogers to Senior Equities Dealer; Ophelia Lam to Finance Manager; Huseyin Dervish and Lillie Johnson to Finance Team Leaders; Andrew Finch to Senior Investment Operations Administrator; and Isabel Mills to Assistant Financial Accountant.

Our team continues to grow and we were pleased to welcome several new additions to the Wilson Asset Management Family, including in our Investment, Corporate Affairs, Finance and Operations teams.

## About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As an investment manager, Wilson Asset Management invests over \$5 billion on behalf of more than 110,000 retail investors.

Wilson Asset Management is proud to be the Investment Manager for WAM Alternative Assets, together with seven other LICs: WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA).

We are passionate about making a positive difference to our shareholders and the community. In the 2021 financial year, the team made a difference through philanthropy, advocacy, and shareholder engagement.



## Philanthropy

Wilson Asset Management created and is the lead supporter of Australia's first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Since listing in 2014 and 2015, the companies have supported young Australians who are at-risk or experiencing mental ill-health.

Wilson Asset Management 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.

We are honoured to provide support to Olympic athletes, through managing over \$9 million for the Australian Olympic Committee (AOC) on a pro bono basis. The AOC provides crucial financial and institutional support to Australian athletes to compete at an Olympic level. All fees are foregone by the Investment Manager.

Wilson Asset Management is proud to be a founding donor of the Indigenous Residential College being built by the University of Technology Sydney (UTS). The first of its kind in Australia, the college is a product of deep and continuing consultation with local and national communities. Importantly the college is Indigenous designed and led, creating a culturally embedded and collaborative space which will support Indigenous students to become the next generation of global change makers, policy makers and community leaders.

The team at Wilson Asset Management is proud to have supported the film *In My Blood It Runs*, which depicts 10-year-old Djuwan Hoosan's struggles with identity, education and the youth justice system in the Northern Territory. As a result of this important film, Djuwan became the youngest person to ever address the United Nations Human Rights Council calling for the need to raise the age of criminal responsibility in Australia and to highlight the critical need for Aboriginal-led education models.

## Advocacy

Our advocacy work on behalf of retail investors in the Australian equity market is an utmost priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market. On 11 December 2020, we lodged a submission to the Senate Select Committee, in an effort to stop retail investors being locked out of discounted capital raisings, which are only open to wholesale investors.

We also participated in the public debate and formal consultation about permanently removing the requirement for annual general meetings (AGMs) to be conducted in person. We are firmly opposed to this change as it would undermine AGM transparency and board accountability, primarily impacting retail shareholders. I would like to thank all shareholders for their support in advocating for retail shareholders' rights and for your emails, letters and phone calls sharing your personal stories. We were pleased to see Federal Treasurer Josh Frydenberg endorse our preferred hybrid model for AGMs, ensuring the requirement for AGMs to be conducted in person and virtually. We look forward to holding our AGMs in person when it is safe to do so.

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We supported the University of New South Wales' School of Mathematics and Statistics' *Girls Do The Maths* program, which aims to inspire girls in high school to consider tertiary studies and careers in mathematics and statistics. We believe in the importance of gender diversity in the financial services industry, in particular funds management, which provide rewarding career paths.

## Shareholder engagement and communication

Shareholders are the owners of WAM Alternative Assets; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. This year, we were once again unable to take to the road and meet with our shareholders across the country and we have missed catching up with you all, over a cup of tea, at our Shareholder Presentations. We have enjoyed our daily email and telephone correspondence, regular Investor Q&A webinars and providing you with a virtual alternative in WAM Vault. Our third instalment, *The Return of Fundamentals*, was released on 8 June 2021. If you have not yet done so, we encourage you to visit [wilsonassetmanagement.com.au/vault](https://wilsonassetmanagement.com.au/vault) to watch, read and listen to the engaging and insightful conversations.

We encourage all shareholders to engage with us in a way that best suits them, with a variety of options available to keep informed on our investment insights and updates. Our approach includes:

- ✓ Updates from our Lead Portfolio Managers
- ✓ Investment team insights at WAM Vault: [wilsonassetmanagement.com.au/vault](https://wilsonassetmanagement.com.au/vault)
- ✓ Roundtables with our shareholders and planners, advisers and their clients
- ✓ NTA reports and investment updates
- ✓ Shareholder Q&A calls and webinars
- ✓ Social media engagement
- ✓ Investor education material
- ✓ Presentations and lunches across Australia
- ✓ Annual and interim results announcements

As always, please reach out to us by phone on (02) 9247 6755 or by email at [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au) if you ever have any questions or feedback.

Thank you for your continued support.



Kate Thorley  
Chief Executive Officer

## Objectives and investment process and investment process

### Investment objectives

The investment objectives of WAM Alternative Assets are to:

- deliver absolute returns through a combination of dividend yield and capital growth; and
- provide diversification benefits.

### Investment process – unique opportunities beyond traditional assets

WAM Alternative Assets provides investors with access to two distinctive processes:

- a partnership model focused on developing close relationships with key strategic partners; and
- a thematic portfolio construction approach that is built around active portfolio construction and review.

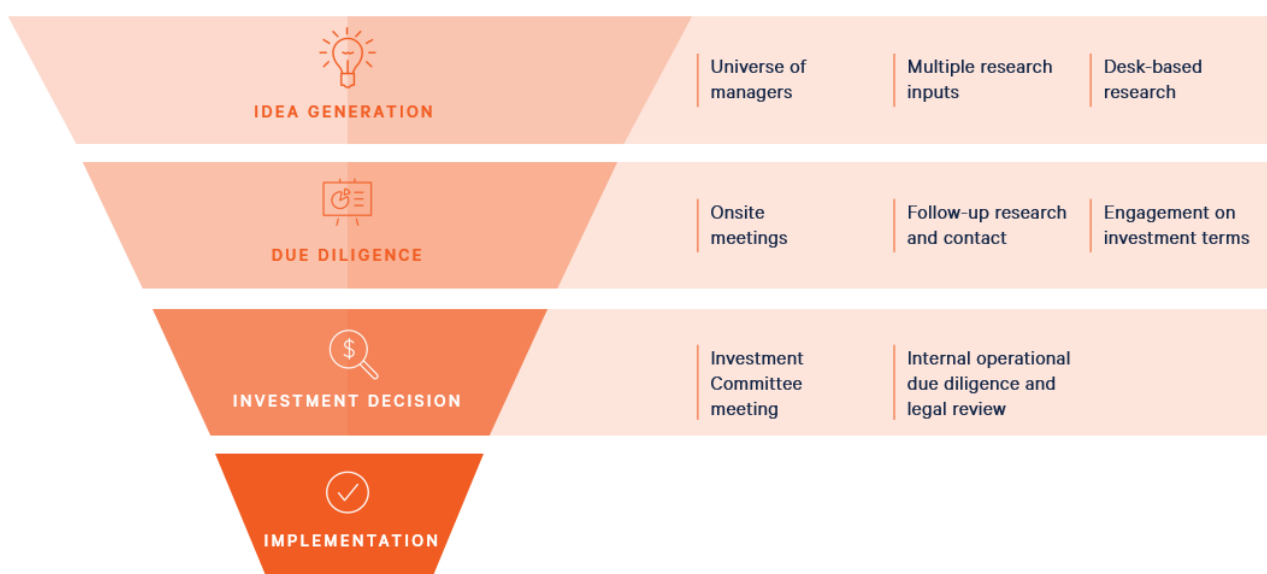
#### Partnership model

Investing alongside high quality investment teams with an established track record; we follow a partnership model where WAM Alternative Assets seeks to source, maintain and develop close relationships with key strategic partners within the alternative assets space.

#### Thematic portfolio construction

WAM Alternative Assets takes a thematic portfolio construction approach which is built on key macro trends with strong tailwinds such as ageing population, digitalisation, climate change and increasing demand for food. This is built around active portfolio construction and review, a clear focus on themes and sectors, and a well-established and rigorous investment process.

We believe the underlying assets within the alternative asset strategies are built to last and expected to provide value or essential services to society over several decades. We therefore have Environmental, Social, and Corporate Governance (ESG) integrated into our investment process, which ensures our investments and returns are sustainable and resilient over time.



## Directors' Report to shareholders for the year ended 30 June 2021

The Directors present their report together with the financial report of WAM Alternative Assets for the financial year ended 30 June 2021.

### Principal activity

The principal activity of the Company is to provide retail investors with exposure to a portfolio of real assets, private equity and real estate. The Company aims to expand into new asset classes such as private debt and infrastructure. 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 over the year resulted in a record operating profit before tax of \$22,627,672 (2020: \$6,463,646) and a record operating profit after tax of \$18,019,312 (2020: \$5,132,523). The operating profit for 2021 is reflective of the solid performance of the investment portfolio during the period. The performance of the investment portfolio has been driven by positive revaluations in the current period, with improved performance from the private equity portfolio as the underlying businesses adapted to an environment with coronavirus restrictions. Our investment in the Better Medical Fund, a group of mixed billing family medical clinics around Australia managed by Fortitude Investment Partners, was a significant contributor during the year as Fortitude Investment Partners achieved a successful exit of the underlying business in February 2021. The sale transaction has completed and we have received the sale proceeds from the exit.

Another contributor to the investment portfolio performance during the year was the Argyle Water Fund. The tax structure of the Argyle Water Fund changed from a public trading trust to a flow-through tax structure during the year, due to the increased proportion of institutional investments in the Fund which resulted in the unwinding of accrued tax liabilities and FY2021 tax payments becoming refundable to the trust, driving an increase in the underlying unit price of 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.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's letter.

## Financial position

The net asset value of the Company as at 30 June 2021 was \$221,004,176 (2020: \$211,109,380). Further information on the financial position of the Company is contained in the Chairman's letter.

## Significant changes in state of affairs

In September, shareholders of Blue Sky Alternatives Access Fund Limited voted overwhelmingly to approve the proposal at the Extraordinary General Meeting (EGM) to enter into a new management agreement with Wilson Asset Management, and change the company name and constitution. The date of transition was 14 October 2020.

## Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2020 final dividend of 3.0 cents per share paid on 25 September 2020	5,814,892
Fully franked FY2021 interim dividend of 1.0 cents per share paid on 30 April 2021	1,938,297

Since the end of the year, the Directors declared a fully franked final dividend of 2.0 cents per share to be paid on 22 October 2021.

## Directors

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

- Michael Cottier
- Geoff Wilson AO
- Adrian Siew
- John Baillie
- Kym Evans

## Information on Directors

### Michael Cottier (Chairman – independent)

#### Experience and expertise

Michael Cottier has over 28 years' experience in financial services roles and is currently an independent non-executive director of three non-listed entities, two of which are in senior financial services roles. Between 2009 and 2014 Michael served as Chief Financial Officer of QSuper Group, where he was responsible for group-wide finance and governance functions. Prior to joining QSuper, Michael spent seven years as CFO of QIC Limited, where he was responsible for group-wide finance and governance functions together with corporate advisory and human resources services.

#### Other current directorships

Michael Cottier has no other directorships.

#### Former directorships in the last 3 years

Michael Cottier has not resigned as a Director from any other listed companies within the last three years.

#### Special responsibilities

Chairman of the Board and Member of the Audit and Risk Committee.

## **Michael Cottier (Chairman – independent) (cont'd)**

### **Interests in shares of the Company**

Details of Michael Cottier's interests in shares of the Company are included later in this report.

### **Interests in contracts**

Michael Cottier has no interests in contracts of the Company.

## **Geoff Wilson (Director – non-independent)**

### **Experience and expertise**

Geoff Wilson has over 41 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

### **Other current directorships**

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018), WAM Strategic Value Limited (appointed March 2021) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and Future Generation Global Investment Company Limited (appointed May 2015) and a Director of Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), 8IP Emerging Companies Limited (appointed April 2018), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Concentrated Leaders Fund Pty Limited (appointed March 2021), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation, and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

### **Former directorships in the last 3 years**

Geoff Wilson resigned as a director of 8IP Emerging Companies Limited in September 2020 and Australian Leaders Fund Limited in March 2021.

### **Special responsibilities**

Chairman of the Investment Committee.

### **Interests in shares of the Company**

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

### **Interests in contracts**

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.



## **Adrian Siew (Director – non-independent)**

### **Experience and expertise**

Adrian has over 25 years' experience in the financial industry. He started his career with Goldman Sachs European investment banking team in London before moving to Hong Kong and Singapore as part of their mergers and acquisitions and corporate finance advisory teams. He later spent 11 years with The Carlyle Group as a Director of their private equity buyout investment team in Sydney and Singapore. Adrian was the Lead Portfolio Manager responsible for the alternative asset strategy of Wilson Asset Management (International) Pty Limited. He is a Director of WAM Microcap Limited, and a Director and investment committee member of WAM Alternative Assets Limited. He is also an advisor to the Wilson Family Office. Adrian graduated from London School of Economics with a First Class Honours in BSc (Economics) Accounting and Finance.

Adrian has been a Director of the Company since September 2020.

### **Other current directorships**

Adrian is a Director of WAM Microcap Limited (appointed since November 2020), and a member of the Sydney Stock Exchange admissions committee.

### **Former directorships in the last 3 years**

Adrian Siew has not resigned as a Director from any other listed companies within the last three years.

### **Special responsibilities**

Member of the Investment Committee.

### **Interests in shares of the Company**

Details of Adrian Siew's interests in shares of the Company are included later in this report.

### **Interests in contracts**

Adrian Siew has no interests in contracts of the Company.

## **John Baillie (Director – independent)**

### **Experience and expertise**

John Baillie has over 25 years' experience in financial services, including wealth management, corporate advisory, investor relations and private equity capital raisings. John was a Senior Investment Advisor with Shaw and Partners (formally Shaw Stockbroking) for 22 years, with an emphasis on portfolio management, trading and private equity capital raisings. In 2015 John established JB & Partners Corporate Advisory that specialises in strategic advice and succession planning for private companies; particularly family businesses. John has advised in a diverse range of industries, including financial services (particularly AFSL issues), FMCG companies, eCommerce and the funeral industry. John is currently Chairman of Seneca Financial Solutions and non-executive Director of a number of private companies. He is a Graduate Member of the Australian Institute of Company Directors and holds a Graduate Diploma (Securities) from the Securities Institute of Australia.

### **Other current directorships**

John Baillie is a Director of DXN Limited (appointed May 2019).

## **John Baillie (Director – independent) (cont'd)**

### **Former directorships in the last 3 years**

John Baillie has not resigned as a Director from any other listed companies within the last three years.

### **Special responsibilities**

Member of the Audit and Risk Committee.

### **Interests in shares of the Company**

Details of John Baillie's interests in shares of the Company are included later in this report.

### **Interests in contracts**

John Baillie has no interests in contracts of the Company.

## **Kym Evans (Director – independent)**

### **Experience and expertise**

Kym Evans has over 30 years' experience in legal risk and general management roles. Kym was a private practice lawyer for 10 years, including 7 years with Allens. He had a further 10 years' experience as in-house counsel with HBOS Australia, Nortel Networks, Arnott's Biscuits and Flexirent Capital. Kym also performed management roles at BankWest (Head of Customer Projects Commercial and Business Division), Nortel Networks Australia (General Manager-Business Operations) and Flexirent Capital (General Manager-Corporate Services). More recently he held a role as a senior consultant at Control Risk looking after account management and business development for Control Risks' three practice areas of political risk consulting, integrity risk consulting and security risk consulting. Kym holds a Bachelor of Laws and also completed the New York Bar Exam and the Harvard Business School General Management Program.

### **Other current directorships**

Kym Evans has no other directorships.

### **Former directorships in the last 3 years**

Kym Evans has not resigned as a Director from any other listed companies within the last three years.

### **Special responsibilities**

Chairman of the Audit and Risk Committee.

### **Interests in shares of the Company**

Details of Kym Evan's interests in shares of the Company are included later in this report.

### **Interests in contracts**

Kym Evans has no interests in contracts of the Company.



### Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

#### Jesse Hamilton

Jesse is a Chartered Accountant with more than 13 years' experience working in advisory and assurance services, specialising in funds management. As the Chief Financial Officer, Jesse oversees all finance and accounting of Wilson Asset Management (International) Pty Limited. He is Company Secretary for WAM Alternative Assets Limited and WAM Strategic Value Limited and is also Joint Company Secretary for WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited, in addition to Future Generation Australia and Future Generation Global. Prior to joining Wilson Asset Management, Jesse worked as Chief Financial Officer of an ASX listed company and also worked as an advisor specialising in assurance services, valuations, mergers and acquisitions, financial due diligence and capital raising activities for listed investment companies.

Jesse was appointed Company Secretary of WAM Alternative Assets in October 2020.

### Members of the Investment Committee

The experience and qualifications of the members of the Investment Committee during the financial year and up to the date of this report are set out below:

#### Geoff Wilson (Chairman)

Geoff Wilson is also a Director. Please refer to page 17 of the Director's Report for details of Geoff's experience and qualifications.

#### Adrian Siew

Adrian Siew is also a Director. Please refer to page 18 of the Director's Report for details of Adrian's experience and qualifications.

#### Sally Box

Sally has over 17 years' experience in private capital advisory, gained with leading organisations such as Allens, Macquarie Capital, QIC, Greenhill & Co, and is currently Managing Director at Cabot Properties Inc, a private equity real estate investment firm.

#### John Roberts

John has almost three decades investment experience gained in senior alternatives focused roles with Macquarie Group, including Head of Europe, Joint Head of Macquarie Capital Advisers, Global Head of Macquarie Capital Funds and Executive Chairman of Macquarie Funds Group. John is currently a Partner at Alfred Street Investment Partners and Chairman of Macquarie Infrastructure and Real Assets.

### Investment Committee meetings

Director	No. eligible to attend	Attended
Geoff Wilson	3	3
Adrian Siew	3	3
Sally Box	3	2
John Roberts	3	3

## Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Alternative Assets.

### a) Remuneration of Directors

All Directors of WAM Alternative Assets are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration, unless otherwise agreed.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors. The maximum total remuneration of the Directors of the Company has been set at \$195,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees, excluding Investment Committee responsibilities.

Directors' remuneration received for the year ended 30 June 2021:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Michael Cottier	Chairman	45,000	4,275	49,275
Geoff Wilson (appointed 8 September 2020)	Director	8,106	770	8,876
Adrian Siew (appointed 8 September 2020)	Director	32,424	3,081	35,505
John Baillie	Director	40,000	3,800	43,800
Kym Evans	Director	40,000	3,800	43,800
Miles Staude (resigned 27 October 2020)	Director	-	-	-
		<b>165,530</b>	<b>15,726</b>	<b>181,256</b>

Adrian Siew also received \$24,638 (\$22,500 short term employee benefits and \$2,138 post-employment benefits) during the financial year in respect of his Investment Committee duties (2020: nil).

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals' benefits for FY2021 and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

Directors' remuneration received for the year ended 30 June 2020:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Michael Cottier	Chairman	45,000	4,275	49,275
John Baillie	Director	40,000	3,800	43,800
Kym Evans	Director	40,000	3,800	43,800
Miles Staude (resigned 27 October 2020)	Director	-	-	-
		<b>125,000</b>	<b>11,875</b>	<b>136,875</b>

## Remuneration Report (Audited) (cont'd)

### a) Remuneration of Directors (cont'd)

The following table reflects the Company's performance and Directors' remuneration over five years:

	2021	2020	2019	2018	2017
Operating profit after tax (\$)	\$18,019,312	\$5,132,523	\$6,713,084	\$4,451,294	\$13,027,583
Dividends (cents per share)	3.0	4.0	5.0	5.0	5.0
Share price (\$)	\$0.985	\$0.72	\$0.76	\$0.80	\$1.17
NTA after tax (\$ per share)	\$1.14	\$1.09	\$1.10	\$1.11	\$1.12
Total Directors' remuneration (\$)	\$181,256	\$136,875	\$136,372	\$114,975	\$167,312
Shareholder's equity (\$)	\$221,004,176	\$211,109,380	\$221,199,797	\$233,339,235	\$191,857,090
Share buybacks (\$)	\$473,613	\$5,209,532	\$8,479,826	\$2,800,310	-

### b) Director related entities remuneration

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with Wilson Asset Management (International) Pty Limited (the Investment Manager or the Manager). Geoff Wilson is the director of Wilson Asset Management (International) Pty Limited, the entity appointed on 14 October 2020 to manage the investment portfolio of WAM Alternative Assets. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio, for the period from 14 October 2020 to 30 June 2021, amounting to \$1,764,783 inclusive of GST (2020: nil). As at 30 June 2021, the balance payable to the Manager was \$206,967 inclusive of GST (2020: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Alternative Assets to provide accounting and Company Secretarial services on commercial terms. For the period from 14 October 2020 to 30 June 2021, the fee for accounting services amounted to \$53,625 inclusive of GST (\$71,500 per annum inclusive of GST) and the fee for Company Secretarial services amounted to \$12,375 inclusive of GST (\$16,500 per annum inclusive of GST).

These amounts are in addition to the above Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

### c) Remuneration of executives

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated for these services as outlined above.

## Remuneration Report (Audited) (cont'd)

### d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions / balance held on appointment	Disposals	Balance at 30 June 2021
Michael Cottier	-	30,000	-	30,000
Geoff Wilson (appointed 8 September 2020)	-	7,391,038	-	7,391,038
Adrian Siew (appointed 8 September 2020)	-	18,502	-	18,502
John Baillie	15,000	-	-	15,000
Kym Evans	37,983	-	-	37,983
	<b>52,983</b>	<b>7,439,540</b>	-	<b>7,492,523</b>

Miles Staude resigned as a Director of WAM Alternative Assets on 27 October 2020. On resignation, Miles held 10,868,143 ordinary shares in the Company and did not purchase or dispose of any shares during the period 1 July 2020 to 27 October 2020.

Directors and Director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration. There have been no changes in shareholdings disclosed above between 30 June 2021 and the date of the report.

### - End of Remuneration Report -

### Directors' meetings

Director	No. eligible to attend	Attended
Michael Cottier	8	8
Geoff Wilson (appointed 8 September 2020)	6	4
Adrian Siew (appointed 8 September 2020)	6	6
John Baillie	8	8
Kym Evans	8	8
Miles Staude (resigned 27 October 2020)	5	5

### Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2021 Corporate Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
Michael Cottier	4	4
John Baillie	4	4
Kym Evans	4	4
Miles Staude (resigned 27 October 2020)	2	2

## After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 2.0 cents per share to be paid on 22 October 2021. Additionally, the Board is pleased to announce its intention to deliver a FY2022 interim dividend of 2.0 cents per share (subject to no material adverse change in the investment portfolio), representing a 100% increase on the FY2021 interim dividend. The interim dividend guidance has been achieved through the solid performance of the investment portfolio and the profits reserve available, and is consistent with the Company's investment objective to deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

WAM Alternative Assets investment partner Argyle Capital successfully completed the sale of the underlying asset in its Agriculture Fund II, an irrigated citrus orchard near Hillston in New South Wales that has been owned and redeveloped since late 2015. Argyle's investment team assessed that an exit in the current market environment would achieve a superior result for its investors than continuing to hold the asset. The sale proceeds received from the exit is approximately equal to the carrying value of the investment as at 30 June 2021. The initial exit proceeds were received in August 2021.

No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affect 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 years.

## Future developments

The Company will continue to provide retail investors with exposure to a portfolio of real assets, private equity and real estate, and aims to expand into new asset classes such as private debt and infrastructure to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee fund-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions also impact these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

## Environmental regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory. The Company does not have any material exposure to environmental and social sustainability risk, however, it may have indirect exposure through its underlying investments.

## Indemnification and insurance of officers or Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

## Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

## Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

## Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Financial/Director's Reports) Instrument 2016/191, the amounts in the Director's Report have been rounded to the nearest dollar, unless otherwise indicated.

## Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2021 is provided on the Company's website at [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au).

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 26 of the Annual Report.

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



**Michael Cottier**  
**Chairman**

Dated this 27<sup>th</sup> day of August 2021



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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 audit of WAM Alternative Assets Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's 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

27 August 2021

## Statement of comprehensive income for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Net realised and unrealised gains on financial assets		20,282,675	4,810,827
Other revenue from operating activities	2	6,271,497	6,651,162
Management fees		(2,294,997)	(2,724,600)
Directors fees		(181,256)	(136,875)
ASX listing and CHESS fees		(80,461)	(63,778)
Share registry fees		(61,246)	(28,730)
Investment Committee fees		(72,574)	-
Disbursements, mailing and printing		(37,826)	(15,684)
Legal and professional fees		(229,327)	(451,167)
Audit fees		(297,162)	(387,930)
Other expenses from ordinary activities		(671,651)	(1,189,579)
<b>Profit before income tax</b>		<b>22,627,672</b>	<b>6,463,646</b>
Income tax expense	3(a)	(4,608,360)	(1,331,123)
<b>Profit after income tax attributable to members of the Company</b>		<b>18,019,312</b>	<b>5,132,523</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>18,019,312</b>	<b>5,132,523</b>
<b>Basic and diluted earnings per share</b>	15	<b>9.29 cents</b>	<b>2.59 cents</b>

The accompanying notes form part of these financial statements.



## Statement of financial position as at 30 June 2021

		2021	2020
<b>Current assets</b>			
Cash and cash equivalents	13	51,499,996	54,952,256
Trade and other receivables	6	1,101,562	2,845,695
Financial assets	7	210,831,158	158,353,698
Current tax assets	3(b)	-	1,010,620
Other assets		772,158	274,548
<b>Total current assets</b>		<b>264,204,874</b>	<b>217,436,817</b>
<b>Non-current assets</b>			
Deferred tax assets	3(c)	115,537	321,156
<b>Total non-current assets</b>		<b>115,537</b>	<b>321,156</b>
<b>Total assets</b>		<b>264,320,411</b>	<b>217,757,973</b>
<b>Current liabilities</b>			
Trade and other payables	8	409,092	3,465,926
Uncalled capital commitments	9	37,635,766	1,875,000
Current tax liabilities	3(b)	706,210	-
Deferred rebates		-	29,862
<b>Total current liabilities</b>		<b>38,751,068</b>	<b>5,370,788</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3(d)	4,565,167	1,277,805
<b>Total non-current liabilities</b>		<b>4,565,167</b>	<b>1,277,805</b>
<b>Total liabilities</b>		<b>43,316,235</b>	<b>6,648,593</b>
<b>Net assets</b>		<b>221,004,176</b>	<b>211,109,380</b>
<b>Equity</b>			
Issued capital	10	204,496,486	204,867,813
Profits reserve	11	20,867,977	10,601,854
Accumulated losses	12	(4,360,287)	(4,360,287)
<b>Total equity</b>		<b>221,004,176</b>	<b>211,109,380</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the year ended 30 June 2021

	Note	Issued capital \$	Retained earnings /(Accumulated losses) \$	Profits reserve \$	Total equity \$
<b>Balance at 1 July 2019</b>		<b>210,087,024</b>	<b>11,112,774</b>	<b>-</b>	<b>221,199,798</b>
Profit for the year		-	5,132,523	-	5,132,523
Transfer to profits reserve		-	(10,601,854)	10,601,854	-
Other comprehensive income for the year		-	-	-	-
<b>Transaction with owners:</b>					
Share buy-back	10(b)	(5,209,532)	-	-	(5,209,532)
Share buy-back costs (net of tax)	10(b)	(9,679)	-	-	(9,679)
Dividends paid	4(a)	-	(10,003,730)	-	(10,003,730)
<b>Balance at 30 June 2020</b>		<b>204,867,813</b>	<b>(4,360,287)</b>	<b>10,601,854</b>	<b>211,109,380</b>
Profit for the year		-	18,019,312	-	18,019,312
Transfer to profits reserve		-	(18,019,312)	18,019,312	-
Other comprehensive income for the year		-	-	-	-
<b>Transaction with owners:</b>					
Share buy-back	10(b)	(473,613)	-	-	(473,613)
Share buy-back costs (net of tax)	10(b)	(898)	-	-	(898)
Share issued via dividend reinvestment plan	10(b)	103,184	-	-	103,184
Dividends paid	4(a)	-	-	(7,753,189)	(7,753,189)
<b>Balance at 30 June 2021</b>		<b>204,496,486</b>	<b>(4,360,287)</b>	<b>20,867,977</b>	<b>221,004,176</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows for the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		5,242,716	42,249,759
Payments for purchase of investments		(1,676,733)	(1,375,000)
Rebates of management and performance fees (inclusive of GST)		3,243,636	3,896,164
Dividends and trust distributions received		4,584,062	3,523,503
Other investment income		13,977	10,000
Payments to suppliers (inclusive of GST)		(2,421,267)	(2,833,541)
Management fees paid		(5,157,941)	(247,453)
GST received		192,675	205,801
Interest received		142,745	379,426
Income tax refunded/(paid)		508,702	(5,319,733)
<b>Net cash provided by operating activities</b>	<b>14</b>	<b>4,672,572</b>	<b>40,488,926</b>
<b>Cash flows from financing activities</b>			
Dividends paid – net of reinvestment		(7,650,005)	(10,003,730)
Share buy-back		(473,613)	(5,209,532)
Share buy-back costs		(1,214)	(13,350)
<b>Net cash used in financing activities</b>		<b>(8,124,832)</b>	<b>(15,226,612)</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(3,452,260)</b>	<b>25,262,314</b>
Cash and cash equivalents at beginning of the year		54,952,256	29,689,942
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>51,499,996</b>	<b>54,952,256</b>
<b>Non-cash transactions:</b>			
Shares issued via dividend reinvestment plan		103,184	-

The accompanying notes form part of these financial statements.

# Notes to the financial statements for the year ended 30 June 2021

## 1. Significant accounting policies

### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Alternative Assets is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 27 August 2021 by the Board of Directors.

WAM Alternative Assets is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, except for financial assets and certain other financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Financial Statements have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

### a) Financial assets

#### Initial recognition and measurement

Financial assets are recognised when the Company becomes party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits to purchase or sell assets.

Financial assets are initially measured at fair value. Transaction costs related to financial assets are expensed to the Statement of comprehensive income immediately.

#### Classification and subsequent measurement

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

## 1. Significant accounting policies (cont'd)

### a) Financial assets (cont'd)

#### Classification and subsequent measurement (cont'd)

the reported or latest available unit price received from the underlying investment fund managers.

Financial assets are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

The Company manages financial assets based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at 30 June 2021. Further details on how the fair values of financial instruments are determined are disclosed in Note 16.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset.

### b) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net

## 1. Significant accounting policies (cont'd)

### b) Income tax (cont'd)

settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

### d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Distribution income is recognised when the right to receive a distribution has been established. All revenue is stated net of the amount of goods and services tax (GST).

### e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1(g) for further detail.

### f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are initially recognised at fair value. They are subsequently stated at amortised cost.

### g) Impairment of assets

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 30 June 2021, there are \$86,134 expected credit losses recognised (2020: \$303,044).

### h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of financial position.

## 1. Significant accounting policies (cont'd)

### h) Goods and Services Tax (GST) (cont'd)

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### j) Profits reserve

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

### k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### l) Dividends

Dividends are recognised when declared during the financial year.

### m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

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 investment fund managers. Refer to Note 16(d) for further information.

There are no other estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2021.

### n) New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Company.

## 2. Other revenue

	2021 \$	2020 \$
Trust distributions	4,584,062	3,345,959
Rebates of management and performance fees	1,530,713	2,915,777
Interest	142,745	379,426
Other income	13,977	10,000
	<b>6,271,497</b>	<b>6,651,162</b>

### 3. Income tax

#### a) Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2021 \$	2020 \$
Prima facie tax on profit before income tax at 26.0% (2020: 27.5%)	5,883,195	1,777,503
Imputation credit gross up	300,515	161,303
Franking credit offset	(1,155,825)	(586,557)
Other non-assessable items*	(419,525)	(21,126)
	<b>4,608,360</b>	<b>1,331,123</b>
Effective tax rate	20.4%	20.6%

The effective tax rate reflects the benefit to the Company of franking credits received on trust distributions during the year. The decrease in the effective tax rate from the comparative year is reflective of the unrealised gains on income tax exempt investments and the decrease in the Company's corporate tax rate to 26.0% (2020: 27.5%), offset by the lower portion of franked distributions received compared to the profit before tax during the year.

\*Other non-assessable items relates to tax exempt income, the effect of deferred tax being charged at the Company's corporate tax rate applicable in future income tax years of 25.0% and other timing differences.

<b>Total income tax expense results in a:</b>	2021 \$	2020 \$
Current tax liabilities	1,115,064	3,402,777
Deferred tax assets	205,934	103,007
Deferred tax liabilities	3,287,362	(2,174,661)
	<b>4,608,360</b>	<b>1,331,123</b>

#### b) Current tax liabilities/(assets)

	2021 \$	2020 \$
Balance at the beginning of the year	(1,010,620)	906,336
Current year income tax on operating profit	1,115,064	3,402,777
Income tax received/(paid)	508,702	(5,319,733)
Under provision in prior period	93,064	-
<b>At reporting date</b>	<b>706,210</b>	<b>(1,010,620)</b>



### 3. Income tax (cont'd)

#### c) Deferred tax assets

	2021 \$	2020 \$
Accruals	61,057	169,689
Capitalised share issue costs	54,480	151,467
	<b>115,537</b>	<b>321,156</b>
<b>Movement in deferred tax assets</b>		
Balance at the beginning of the year	321,156	420,492
Charged to the Statement of comprehensive income	(205,934)	(103,007)
Capitalised share buy-back costs	315	3,671
<b>At reporting date</b>	<b>115,537</b>	<b>321,156</b>

#### d) Deferred tax liabilities

	2021 \$	2020 \$
Accrued rebates	114,785	131,496
Fair value adjustments	4,450,382	1,146,309
	<b>4,565,167</b>	<b>1,277,805</b>
<b>Movement in deferred tax liabilities</b>		
Balance at the beginning of the year	1,277,805	3,452,466
Charged/(credited) to the Statement of comprehensive income	3,287,362	(2,174,661)
<b>At reporting date</b>	<b>4,565,167</b>	<b>1,277,805</b>

### 4. Dividends

#### a) Ordinary dividends paid during the year

	2021 \$	2020 \$
Final dividend FY2020: 3.0 cents per share fully franked at 26.0% tax rate, paid 25 September 2020 (Final dividend FY2019: 4.0 cents per share franked to 65%)	5,814,892	8,033,835
Interim dividend FY2021: 1.0 cents per share fully franked at 26.0% tax rate, paid 30 April 2021 (Interim dividend FY2020: 1.0 cent per share fully franked)	1,938,297	1,969,895
	<b>7,753,189</b>	<b>10,003,730</b>

## 4. Dividends (cont'd)

### b) Dividends not recognised at year end

	2021 \$	2020 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 2.0 cents per share fully franked final dividend (2020: 3.0 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	<b>3,878,657</b>	<b>5,814,892</b>

### c) Dividend franking account

	2021 \$	2020 \$
Balance of franking account at year end	1,640,198	3,717,170
Adjusted for franking credits arising from: - Estimated income tax payable/(refundable)	706,210	(1,010,620)
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(1,292,886)	(2,043,070)
	<b>1,053,522</b>	<b>663,480</b>

The Company's ability to continue to pay 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 the underlying investments.

The balance of the franking account does not include the tax to be paid on unrealised investment gains at the end of the reporting period. As at 30 June 2021, the deferred tax liability in relation to fair value movements on the investment portfolio is \$4,450,382 (2020: \$1,146,309).

## 5. Auditor's remuneration

	2021 \$	2020 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	297,162	387,930
Other services provided by a related practice of the auditor:		
Taxation services	21,340	35,750
	<b>318,502</b>	<b>423,680</b>

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditors. The Audit and Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

## 6. Trade and other receivables

	2021 \$	2020 \$
Rebate income receivable	1,086,387	2,829,172
GST receivable	15,175	16,523
	<b>1,101,562</b>	<b>2,845,695</b>

The Company derives rebate income in respect of management and performance fees charged by underlying investment fund managers in accordance with existing agreements in place.

## 7. Financial assets

2021	Unlisted private equity funds \$	Unlisted private real estate funds \$	Unlisted infrastructure funds \$	Unlisted real assets funds \$	Total \$
Financial assets	69,378,971	29,354,725	15,000,000	97,097,462	<b>210,831,158</b>
Uncalled capital commitments	(6,323,266)	(15,000,000)	(15,000,000)	(1,312,500)	<b>(37,635,766)</b>
	<b>63,055,705</b>	<b>14,354,725</b>	<b>-</b>	<b>95,784,962</b>	<b>173,195,392</b>

2020	Unlisted private equity funds \$	Unlisted private real estate funds \$	Unlisted real assets funds \$	Total \$
Financial assets	52,071,806	14,401,183	91,880,709	<b>158,353,698</b>
Uncalled capital commitments	-	-	(1,875,000)	<b>(1,875,000)</b>
	<b>52,071,806</b>	<b>14,401,183</b>	<b>90,005,709</b>	<b>156,478,698</b>

The above financial assets include \$37,635,766 in uncalled capital commitments (2020: \$1,875,000). Please refer to Note 9 for further information.

The Company manages financial assets based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at 30 June 2021.

The fair values of individual investments held at the end of the reporting period are disclosed on page 56 of the Annual Report.

## 8. Trade and other payables

	2021 \$	2020 \$
Management fee payable	206,967	2,899,604
Sundry payables	202,125	566,322
	<b>409,092</b>	<b>3,465,926</b>

Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

## 9. Uncalled capital commitments

	2021 \$	2020 \$
Palisade Diversified Infrastructure Fund	15,000,000	-
Barwon Institutional Healthcare Property Fund	15,000,000	-
Adamantem Fund 2	6,323,266	-
Strategic Australian Agricultural Fund	1,312,500	1,875,000
	<b>37,635,766</b>	<b>1,875,000</b>

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 year, \$15,000,000 of capital was committed to the Palisade Diversified Infrastructure Fund (PDIF), \$15,000,000 of capital was committed to the Barwon Institutional Healthcare Property Fund (BIHPF) and \$8,000,000 of capital was committed to the Adamantem Fund 2. From these commitments, \$1,676,734 was drawn down to Adamantem Fund 2 during the year. The capital commitment to the Strategic Australian Agriculture Fund (SAAF) was reduced in July 2020 following the receipt of the End of Investment Period notice from the manager of the SAAF.

Palisade Investment Partners is a specialist infrastructure investment manager providing dedicated asset management services, investing predominantly in Australian infrastructure. Since inception in 2007, Palisade has grown the PDIF portfolio to \$1.3 billion by investing in over 20 high quality infrastructure assets and delivering strong returns, driven by yield and capital appreciation. The addition of PDIF to WAM Alternative Assets' investment portfolio provides diversification, access to strong yield and an investment opportunity set with attractive underlying market fundamentals.

Barwon Investment Partners is a boutique fund manager focused on Australian real estate, and in 2016, was one of the first fund managers in Australia to launch a dedicated healthcare real estate strategy for institutional investors. Healthcare real estate has attractive fundamentals, with strong demographic and economic tailwinds and demand outpacing the supply of assets. This sector differentiates itself by long lease contracts (often over 10 years), fixed or regular rental valuation increases and the potential for further capital appreciation. BIHPF is a growing portfolio of 16 high quality healthcare property assets with quality tenants, such as Healthe Care, Healthscope and Calvary.

Adamantem Capital is a private equity firm specialising in buy-out transactions in Australia and New Zealand, with a specific focus on mid-market opportunities in the consumer, healthcare, and business services sectors. Adamantem typically targets companies with an Enterprise Value between \$100 million to \$300 million and seeks to work in close partnership with business founders and management teams.

## 10. Issued capital

### a) Paid-up capital

	2021 \$	2020 \$
193,932,860 ordinary shares fully paid (2020: 194,453,047)	<b>204,496,486</b>	<b>204,867,813</b>

### b) Movement in issued capital

	2021 \$	2020 \$
Balance at the beginning of the year 194,453,047 ordinary shares fully paid (2020: 201,025,225)	204,867,813	210,087,024
623,323 ordinary shares bought back during the year	(473,613)	-
103,136 ordinary shares issued on 30 April 2021 under a dividend reinvestment plan	103,184	-
6,572,178 ordinary shares bought back during the year	-	(5,209,532)
Share issue costs (net of tax)	(898)	(9,679)
At reporting date	<b>204,496,486</b>	<b>204,867,813</b>

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, all substantive resolutions will be decided by a poll. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

### c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, options issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

The on-market share buy-back program first commenced in May 2018 and was last renewed for an additional 12 months from 18 May 2020. The on-market share buy-back program was cancelled by the Board of Directors on 25 February 2021. The Board of Directors resolved to cancel the on-market share buy-back program as a result of the narrowing of the share price discount to NTA. The last renewed share buy-back program had a maximum buy-back capacity of 13,347,505 shares. The number of shares acquired under the share buy-back depended on the prevailing market price of the Company's shares and other factors determined at the discretion of the Board, including requirements under the *Corporations Act 2001* and the ASX Listing Rules.

## 11. Profits reserve

	2021 \$	2020 \$
Profits reserve	<b>20,867,977</b>	<b>10,601,854</b>

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

	2021 \$	2020 \$
<b>Movement in profits reserve</b>		
Balance at the beginning of the year	10,601,854	-
Transfer of profits during the year	18,019,312	10,601,854
Final dividend paid (refer to note 4(a))	(5,814,892)	-
Interim dividend paid (refer to note 4(a))	(1,938,297)	-
At reporting date	<b>20,867,977</b>	<b>10,601,854</b>

## 12. Accumulated losses

	2021 \$	2020 \$
Balance at the beginning of the year	(4,360,287)	11,112,774
Profit for the year attributable to members of the Company	18,019,312	5,132,523
Transfer to profits reserve	(18,019,312)	(10,601,854)
Final dividend paid (refer to note 4(a))	-	(8,033,835)
Interim dividend paid (refer to note 4(a))	-	(1,969,895)
At reporting date	<b>(4,360,287)</b>	<b>(4,360,287)</b>

## 13. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2021 \$	2020 \$
Cash at bank	51,499,996	54,952,256
	<b>51,499,996</b>	<b>54,952,256</b>

The weighted average interest rate for cash as at 30 June 2021 is 0.26% (2020: 0.49%). There were no term deposits held at 30 June 2021 (2020: nil).

## 14. Cash flow information

	2021 \$	2020 \$
<b>Reconciliation of profit after tax to cash flow from operations:</b>		
Profit after income tax	18,019,312	5,132,523
Fair value (gains)/losses and movements in financial assets	(16,716,692)	36,015,963
<b>Changes in assets and liabilities:</b>		
Decrease/(increase) in receivables	1,744,133	(1,162,212)
(Increase)/decrease in other assets	(497,610)	3,473,395
Decrease/(increase) in current tax assets	1,010,620	(1,916,956)
Decrease in deferred tax assets	205,934	103,007
(Decrease)/increase in payables	(3,056,834)	1,958,092
Increase in current tax liabilities	706,210	-
Increase/(decrease) in deferred tax liabilities	3,287,362	(2,174,661)
Decrease in deferred rebates	(29,863)	(940,225)
<b>Net cash provided by operating activities</b>	<b>4,672,572</b>	<b>40,488,926</b>

## 15. Earnings per share

	2021 Cents per share	2020 Cents per share
Basic and diluted earnings per share	9.29	2.59
	2021 \$	2020 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	18,019,312	5,132,523
	2021 No.	2020 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	193,901,301	198,485,498

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

## 16. Financial risk management

The Company's financial instruments consist of unlisted investments, trade receivables and trade payables. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and price risk. There have been



## 16. Financial risk management (cont'd)

no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the period.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial risks of the Company. The Manager monitors these risks daily. On a formal basis, the Investment Committee meets quarterly and monitors and manages the below risks as appropriate.

### a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. Credit risk is not considered to be a major risk to the Company as the majority of cash held by the Company is invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The majority of all maturities for cash held by the Company are within three months.

The Company has provided for \$86,134 (2020: \$303,044) trade receivables which the Company considers to be impaired. None of the other assets exposed to a credit risk are overdue or considered to be impaired.

### b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities or will be forced to sell financial assets at a value which is less than they are worth. Alternative asset investments typically involve the investors' capital being locked up for a number of years.

The Company's cash receipts depend upon the level of trust distributions and interest received, the proceeds from exits or other capital management initiatives that may be implemented by the Board from time to time.

The Investment Manager monitors the Company's cash flow requirements on an ongoing basis by reference to forecast disposals and purchases of investments, dividends and interest to be paid or received. The Company holds a portion of its portfolio in cash sufficient to ensure that it has cash readily available to meet all payments.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2021	<1 month \$	>1 month \$	Total \$
<b>Liabilities</b>			
Trade and other payables	409,092	-	409,092
Uncalled capital commitments	37,635,766	-	37,635,766
<b>Total</b>	<b>38,044,858</b>	<b>-</b>	<b>38,044,858</b>

## 16. Financial risk management (cont'd)

### b) Liquidity risk (cont'd)

30 June 2020	<1 month \$	>1 month \$	Total \$
<b>Liabilities</b>			
Trade and other payables	3,465,926	-	3,465,926
Uncalled capital commitments	1,875,000	-	1,875,000
<b>Total</b>	<b>5,340,926</b>	<b>-</b>	<b>5,340,926</b>

### c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in unlisted investments, the Company will always be subject to market risk as it invests its capital in unlisted investments which are not risk free, as the fair value of these unlisted investments can fluctuate.

#### (i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its cash and term deposits mature within three months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective average weighted interest rate was as follows:

30 June 2021	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	0.26%	51,499,996	-	51,499,996
Trade and other receivables		-	1,101,562	1,101,562
Financial assets		-	210,831,158	210,831,158
<b>Total</b>		<b>51,499,996</b>	<b>211,932,720</b>	<b>263,432,716</b>
<b>Liabilities</b>				
Trade and other payables		-	409,092	409,092
Uncalled capital commitments		-	37,635,766	37,635,766
<b>Total</b>		<b>-</b>	<b>38,044,858</b>	<b>38,044,858</b>

## 16. Financial risk management (cont'd)

### c) Market risk (cont'd)

#### (i) Interest rate risk (cont'd)

30 June 2020	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	0.49%	54,952,256	-	54,952,256
Trade and other receivables		-	2,845,695	2,845,695
Financial assets		-	158,353,698	158,353,698
<b>Total</b>		<b>54,952,256</b>	<b>161,199,393</b>	<b>216,151,649</b>
<b>Liabilities</b>				
Trade and other payables		-	3,465,926	3,465,926
Uncalled capital commitments		-	1,875,000	1,875,000
<b>Total</b>		<b>-</b>	<b>5,340,926</b>	<b>5,340,926</b>

#### (ii) Price risk

Price risk arises from the Company's investments in unlisted funds, whose valuation is based on the valuation of the underlying companies or assets of those unlisted funds. All investments present a risk of loss of capital. The Investment Manager mitigates this risk through careful selection of investee funds within specified limits. All of the investee funds and their underlying investments are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid in nature.

The Company provides retail investors with exposure to a diversified portfolio of real assets, private equity, real estate, and aims to expand into new asset classes such as private debt and infrastructure. The Company diversifies its portfolio across multiple underlying investment fund managers, underlying industries and investment stages.

The Investment Manager follows a due diligence process prior to making an investment. In making an investment decision, the Investment Manager considers both qualitative and quantitative criteria in the areas of financial performance, business strategy, tax and legal compliance, such as financial information obtained through the underlying investment fund managers through on-site visits, interviews and questionnaires together with information gathered from external sources. Prior to entering into an agreement for a new investment, information is confirmed through reference checks or through the Investment Manager's standing data and experience. The Investment Manager also performs ongoing monitoring procedures primarily through discussions with the underlying investment fund managers and also monitors industry, tax, regulatory and legal developments for all investments.

## 16. Financial risk management (cont'd)

### c) Market risk (cont'd)

#### (ii) Price risk (cont'd)

##### Sensitivity analysis

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 investment fund 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 \$6,408,229 (2020: \$5,672,353). This would result in the 30 June 2021 net asset backing after tax moving by 3.3 cents per share (2020: 2.9 cents per share).

### d) 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 investment fund managers. 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 underlying investment fund 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.

## 16. Financial risk management (cont'd)

### d) Financial instruments measured at fair value (cont'd)

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 investment fund managers;
- Comparison of historical realisations to the last reported fair values; and
- Review of the financial statements and independent third party valuations of the respective unlisted funds (where available).

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.

30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Unlisted private equity funds	-	-	69,378,971	69,378,971
Unlisted private real estate funds	-	-	29,354,725	29,354,725
Unlisted infrastructure funds	-	-	15,000,000	15,000,000
Unlisted real assets funds	-	-	97,097,462	97,097,462
<b>Total</b>	-	-	<b>210,831,158</b>	<b>210,831,158</b>

30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Unlisted private equity funds	-	-	52,071,806	52,071,806
Unlisted private real estate funds	-	-	14,401,183	14,401,183
Unlisted real assets funds	-	-	91,880,709	91,880,709
<b>Total</b>	-	-	<b>158,353,698</b>	<b>158,353,698</b>

## 17. 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 four categories: private equity, private real estate, real assets and infrastructure.

## 18. Commitments

There were no commitments entered into by the Company before the end of the year which settle after the end of the year (2020: nil), other than already disclosed in the annual report.

## 19. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2021 (2020: nil).

## 20. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Michael Cottier Chairman
- Geoff Wilson AO Director (appointed 8 September 2020)
- Adrian Siew Director (appointed 8 September 2020)
- John Baillie Director
- Kym Evans Director
- Miles Staude Director (resigned 27 October 2020)

### a) Remuneration

There are no executives that are paid by the Company.

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on page 21, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2021	165,530	15,726	<b>181,256</b>
Total Directors remuneration paid by the Company for the year ended 30 June 2020	125,000	11,875	<b>136,875</b>

Adrian Siew received \$24,638 (\$22,500 short term employee benefits and \$2,138 post-employment benefits) during the financial year in respect of his Investment Committee duties (2020: nil).

## 20. Key management personnel compensation (cont'd)

### b) Share holdings

At 30 June 2021, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions/balance held on appointment	Disposals	Balance at 30 June 2021
Michael Cottier	-	30,000	-	30,000
Geoff Wilson (appointed 8 September 2020)	-	7,391,038	-	7,391,038
Adrian Siew (appointed 8 September 2020)	-	18,502	-	18,502
John Baillie	15,000	-	-	15,000
Kym Evans	37,983	-	-	37,983
	<b>52,983</b>	<b>7,439,540</b>	-	<b>7,492,523</b>

Miles Staude resigned as a Director of WAM Alternative Assets on 27 October 2020. On resignation, Miles held 10,868,143 ordinary shares in the Company.

At 30 June 2020, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2019	Acquisitions	Disposals	Balance at 30 June 2020
Michael Cottier	-	-	-	-
John Baillie	15,000	-	-	15,000
Kym Evans	-	37,983	-	37,983
Miles Staude (resigned 27 October 2020)	10,868,143	-	-	10,868,143
	<b>10,883,143</b>	<b>37,983</b>	-	<b>10,921,126</b>

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

## 21. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with Wilson Asset Management (International) Pty Limited. Geoff Wilson is the Director of Wilson Asset Management (International) Pty Limited, the entity appointed on 14 October 2020 to manage the investment portfolio of WAM Alternative Assets. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson



## 21. Related party transactions (cont'd)

Asset Management (International) Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio, for the period from 14 October 2020 to 30 June 2021, amounting to \$1,764,783 inclusive of GST (2020: nil). As at 30 June 2021, the balance payable to the Manager was \$206,967 inclusive of GST (2020: nil).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Alternative Assets to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2021, the fee for accounting services amounted to \$53,625 inclusive of GST (\$71,500 per annum inclusive of GST) and the fee for Company Secretarial services amounted to \$12,375 inclusive of GST (\$16,500 per annum inclusive of GST).

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related company of the Director or with a firm of which he/she is a member or with a company in which he/she has substantial financial interest.

### a) Payments made to previous investment manager

During the financial year, prior to the transition of investment manager, the previous investment manager of the Company, Blue Sky Alternative Investments Limited, was paid management fees amounting to \$698,138 (inclusive of GST) and \$2,899,604 (inclusive of GST) in respect of the previous financial year.

## 22. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 2.0 cents per share to be paid on 22 October 2021. Additionally, the Board is pleased to announce its intention to deliver a FY2022 interim dividend of 2.0 cents per share (subject to no material adverse change in the investment portfolio), representing a 100% increase on the FY2021 interim dividend. The interim dividend guidance has been achieved through the performance of the investment portfolio and the profits reserve available, and is consistent with the Company's investment objective to deliver absolute returns through a combination of dividend yield and capital growth, while providing diversification benefits.

WAM Alternative Assets investment partner Argyle Capital successfully completed the sale of the underlying asset in its Agriculture Fund II, an irrigated citrus orchard near Hillston in New South Wales that has been owned and redeveloped since late 2015. Argyle's investment team assessed that an exit in the current market environment would achieve a superior result for its investors than continuing to hold the asset. The sale proceeds received from the exit is approximately equal to the carrying value of the investment as at 30 June 2021. The initial exit proceeds were received in August 2021.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affect 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 years.

## Directors' Declaration

The Directors of WAM Alternative Assets Limited declare that:

- 1) The financial statements as set out in pages 27 to 50 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 21 to 23, are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), 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 30 June 2021 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Investment Manager, MAM Pty Limited declaring that:
  - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
  - b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and
  - c) the Company's financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, 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 27<sup>th</sup> day of August 2021

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

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of WAM Alternative Assets Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of WAM Alternative Assets Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 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 on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<b>Existence and Valuation of Financial Assets</b> <b>Refer to Note 7: Financial Assets</b>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets, as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The Company's financial assets consist of a portfolio of investments in unlisted private equity funds, unlisted private real estate funds and unlisted real asset funds. The determination of their fair value is considered to be complex in nature as their valuation is based on significant judgement with limited observable market inputs. Consequently, these investments are classified under Australian Accounting Standards as "Level 3" investments.</p> <p>Whilst the Company uses the reported or latest available unit price to determine the fair value of each investment in the portfolio, the valuation methodologies used by the underlying fund investment managers in determining their unit price require significant assumptions and judgements to be applied and are based on various valuation techniques including discounted cashflow, capitalisation of earnings income and market asset approaches.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Understanding and evaluating the design and implementation of the investment management processes and controls;</li> <li>▪ Obtaining unit certificates and confirming investment holdings directly from the underlying investment fund managers;</li> <li>▪ Assessing the qualifications, competencies and objectivity of external valuation experts;</li> <li>▪ Obtaining an understanding of valuation methods used and the basis of assumptions and judgements applied;</li> <li>▪ Selecting a sample of investments to review in detail, engaging with our internal valuation specialists to assess the valuation assumptions and methods used including discounted cash flow analysis, capitalisation of earnings income and market asset approaches using trading and transactional comparable data;</li> <li>▪ Assessing significant assumptions and judgements used in determining the fair value of each investment;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

*Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

*Auditor's Responsibilities for the Audit of the Financial Report (Continued)*

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 21 to 23 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report WAM Alternative Assets Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**S M Whiddett**  
Partner

27 August 2021



**Pitcher Partners**  
Sydney

## Investments at fair value as at 30 June 2021

Investment name	Fair Value* \$	% of Gross Assets
<b>Real assets</b>		
Argyle Capital		
Argyle Water Fund	60,946,644	27.0%
Strategic Australian Agricultural Fund	27,425,389	12.2%
Agriculture Fund 2	6,253,336	2.8%
Solar Fund	1,159,593	0.5%
<b>Total real assets</b>	<b>95,784,962</b>	<b>42.5%</b>
<b>Private equity</b>		
Fortitude Investment Partners		
Shopper Media Group Funds	8,363,176	3.7%
QFS Fund	6,941,400	3.1%
Hotel Fund	6,421,800	2.8%
Birch & Waite Fund	5,013,600	2.2%
IT Consulting Fund	2,513,200	1.1%
Sunfresh Fund	1,620,600	0.7%
Tourism Fund	1,570,260	0.7%
Wild Breads and Wild Breads RCPS Funds	1,500,742	0.7%
Origo Education Fund	685,800	0.3%
Aquila Fund	610,800	0.3%
	<b>35,241,378</b>	<b>15.6%</b>
<b>January Capital</b>		
aCommerce Funds	12,851,980	5.6%
Vinomofo Fund	3,084,243	1.4%
VC2014 Fund	2,868,794	1.3%
	<b>18,805,017</b>	<b>8.3%</b>
<b>Other</b>		
Energy Storage Infrastructure Fund	7,561,310	3.4%
Adamantem Fund 2	1,448,000	0.6%
	<b>9,009,310</b>	<b>4.0%</b>
<b>Total private equity</b>	<b>63,055,705</b>	<b>27.9%</b>

Investment name	Fair Value* \$	% of Gross Assets
<b>Private real estate</b>		
Cove Property Group 2 Rector Street Fund	5,710,000	2.5%
Revesby Industrial Income Fund	4,525,000	2.0%
Darra Industrial Income Fund	2,809,000	1.2%
Cove Property Group 441 Ninth Fund	1,159,309	0.5%
Student Accommodation Funds	151,416	0.1%
<b>Total private real estate</b>	<b>14,354,725</b>	<b>6.3%</b>
<b>Total portfolio</b>	<b>173,195,392</b>	<b>76.7%</b>
<b>Total cash and cash equivalents, and income receivable</b>	<b>52,586,382</b>	<b>23.3%</b>
<b>Gross assets</b>	<b>225,781,774</b>	

\*Includes uncalled capital commitments to the Palisade Diversified Infrastructure Fund (\$15.0m); the Barwon Institutional Health care Property Fund (\$15.0m); the Adamantem Fund 2 (\$6.3m) and the Strategic Australian Agriculture Fund (\$1.3m). Refer to Note 7 for further information.

The total number of Investments held at the end of the financial year was 27.



## ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### Shareholdings

**Substantial shareholders (as at 31 July 2021)** – JP Morgan Nominees Australia Pty Limited holds 10,785,347 ordinary shares (5.6% of issued capital) and BNP Paribas Nominees Pty Limited holds 9,744,607 ordinary shares (5.0% of issued capital).

**On-market buy back (as at 31 July 2021)** - there is no current on-market buy back.

### Distribution of shareholders (as at 31 July 2021)

	Number of shareholders	Percentage of issued capital held
1 – 1,000	309	0.1%
1,001 – 5,000	665	1.1%
5,001 – 10,000	667	2.7%
10,001 – 100,000	2,429	42.8%
100,001 and over	260	53.3%
	<b>4,330</b>	<b>100.0%</b>

The number of shareholdings held in less than marketable parcels is 4,106.

### Twenty largest shareholders – Ordinary shares (as at 31 July 2021)

Name	Number of ordinary shares held	% of issued capital held
JP Morgan Nominees Australia Pty Limited	10,785,347	5.6%
BNP Paribas Nominees Pty Limited Hub	9,744,607	5.0%
Entities associated with Mr Geoff Wilson	7,391,038	3.8%
Netwealth Investments Limited	6,284,537	3.2%
CS Third Nominees Pty Limited	5,400,898	2.8%
HSBC Custody Nominees (Australia) Limited	4,870,027	2.5%
Mr MG Peterson & Ms SA Wake	2,716,000	1.4%
Citicorp Nominees Pty Limited	1,741,374	0.9%
King Nominees (VIC) Pty Limited	1,388,889	0.7%
National Nominees Limited	1,092,110	0.6%
Bahrain Investments Pty Limited	1,041,334	0.5%
Demeta Pty Limited	1,004,858	0.5%
Finance Associates Pty Limited	1,000,000	0.5%
Charanda Nominee Company Pty Limited	992,000	0.5%
Malcom Holdings Pty Limited	875,000	0.5%
Charmseat Pty Limited	875,000	0.5%
Perpetual Corporate Trust Limited	793,829	0.4%
RW Kirby Pty Limited	769,040	0.4%
Honnery Cahill Nominees Pty Limited	719,894	0.4%
Abbawood Nominees Pty Limited	650,000	0.3%
	<b>60,135,782</b>	<b>31.0%</b>

### Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

# Wilson

## Asset Management

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