

Investment portfolio outperformance, full year fully franked dividend

15 August 2023
ASX announcement
and media release

Highlights

| | | | |
|--|--|---|---|
| +18.2%* Investment portfolio performance in the financial year to 30 June 2023 | 15.5 cps FY2023 full year fully franked dividend | +9.8%* Investment portfolio outperformance of S&P/ASX Small Ordinaries Accumulation Index | +3.4%* Investment portfolio outperformance of S&P/ASX All Ordinaries Accumulation Index |
|--|--|---|---|

\$1.42

Pre-tax NTA as at 30 June 2023

12.8 cps

Profits reserve as at 31 July 2023 before the payment of the final fully franked dividend of 7.75 cps

Q&A webinar

Wednesday
16 August 2023
at 2:00pm
(Sydney time)

Register to join Chairman and Chief Investment Officer Geoff Wilson AO, and Lead Portfolio Manager Oscar Oberg for an update on WAM Capital and extended Q&A session.

[Register now](#)

The WAM Capital Limited (ASX: WAM) investment portfolio increased 18.2%, outperforming the S&P/ASX All Ordinaries Accumulation Index by 3.4% and the S&P/ASX Small Ordinaries Accumulation Index by 9.8% for the 12 months to 30 June 2023.

WAM Capital reported an operating profit before tax of \$233.2 million (FY2022: operating loss before tax of \$425.9 million) and an operating profit after tax of \$173.3 million (FY2022: operating loss after tax of \$293.7 million) in its FY2023 full year results[†].

The WAM Capital Board of Directors declared a full year fully franked dividend of 15.5 cents per share, with the final fully franked dividend being 7.75 cents per share. WAM Capital has returned over \$1.6 billion in dividends and franking credits to shareholders since inception. WAM Capital's proven investment process has enabled the Company to provide shareholders with long term investment portfolio performance and a stream of fully franked dividends.

During the 12 month period to 30 June 2023, the WAM Capital share price premium to net tangible assets (NTA) changed from 22.1% at 30 June 2022 to 5.1% at 30 June 2023, impacting total shareholder return for shareholders over the period.

Following the coronavirus pandemic and market volatility in 2020, the Board made the decision to maintain the 15.5 cents per share fully franked dividend for shareholders rather than cutting the dividend. Since 2020 WAM Capital has paid an average grossed-up fully franked dividend yield on NTA of approximately 15.0%, while the S&P/ASX All Ordinaries Accumulation Index average dividend yield was 3.7% with an average franking level of 57.9%. With such a high fully franked dividend yield on the Company's assets, the NTA of the Company has fallen by an average of 13.1% per annum as it has been reduced by the value of the fully franked dividend of 15.5 cents and the tax paid to frank the dividend each year.

The WAM Capital share price has also reduced by the movement in the share price premium to NTA from a high of 32.4% in late 2020 to 5.1% at 30 June 2023 as well as from the payment of fully franked dividends and taxes (franking credits generated) over this period. The Company has provided shareholders significantly more in terms of income rather than capital returns, with the fully franked dividends and tax paid exceeding the decrease seen in the WAM Capital NTA and share price over this period.

As at 31 July 2023, the Company had 12.8 cents per share available in its profits reserve representing 0.8 years of annual dividend coverage before the payment of the final fully franked dividend of 7.75 cents per share, payable on 31 October 2023. In FY2024, the Company's ability to continue paying fully franked dividends at the current level is dependent on generating additional profits reserves, through positive investment portfolio performance, and franking credits. The ability to generate franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profits.

[†]Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant indexes which are before expenses, fees and taxes.

[^]The FY2023 profit figures are unaudited. Audited full year results will be announced to the market in August 2023.

In order to sustain a full year fully franked dividend of 15.5 cents per share, at the current net asset level, the investment portfolio performance would need to be approximately 16% per annum, grossed-up for expenses and fees and there can be no certainty that such high returns can be maintained each year.

This dividend is extremely high and provides shareholders with a yield on the Company's 30 June 2023 share price of 10.4% and a grossed-up yield of 14.9% when including the value of franking credits. When calculating the yield on net assets, the fully franked dividend yield of WAM Capital is 10.9%, with a grossed-up yield of 15.6%.

Lead Portfolio Manager Oscar Oberg said: "The 2023 financial year was dominated by the largest interest rate hiking cycle in over 30 years and the increasing probability of a global recession. Despite these headwinds, WAM Capital outperformed with the team applying Wilson Asset Management's proven investment process which has delivered consistent long term returns across a range of investment cycles over the last 25 years.

"As we enter the 2024 financial year, we remain confident in our catalyst-driven holdings and see a strong period ahead for small-cap undervalued growth companies."

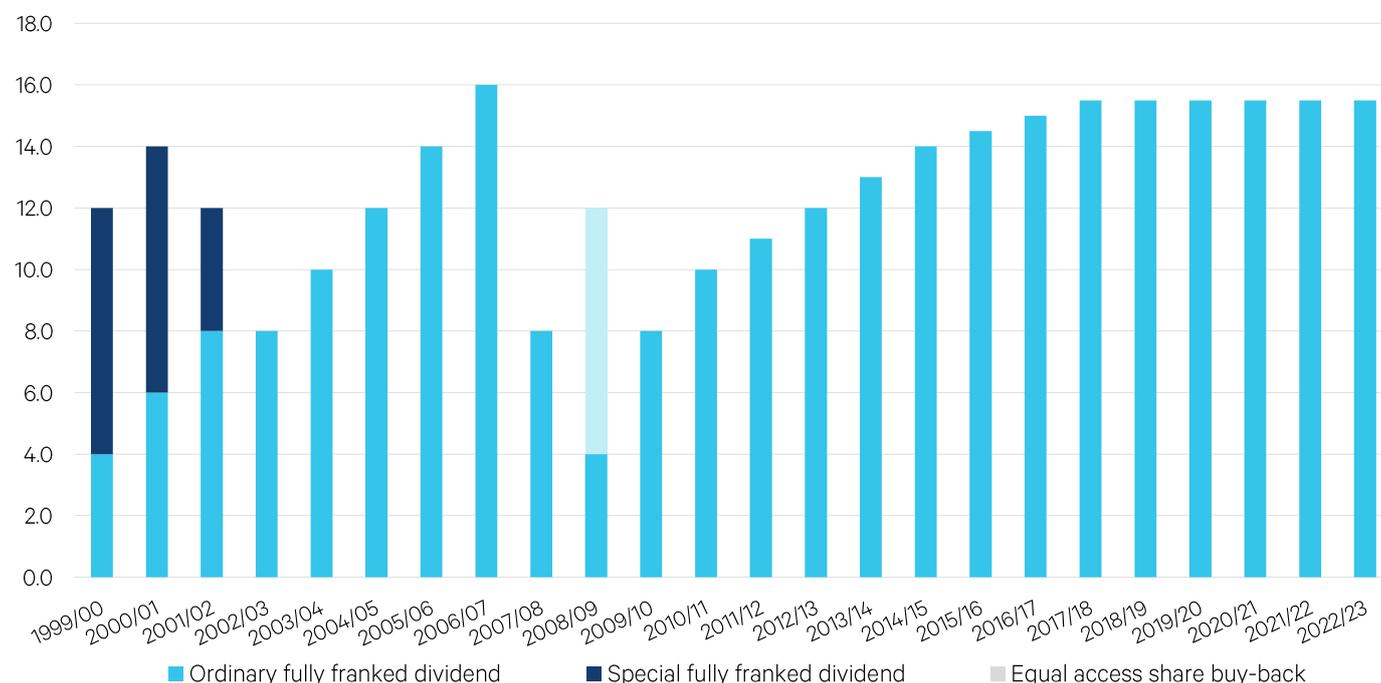
Contributors to the portfolio outperformance over the year included aged care home operator Estia Health (ASX: EHE), jewellery retailer Lovisa Holdings (ASX: LOV) and healthcare imaging IT provider Pro Medicus (ASX: PME).

Chairman Geoff Wilson AO said: "The WAM Capital investment team made quality investment decisions driving outperformance in FY2023 amid heightened volatility across equity markets.

"In FY2024, the Company's ability to continue paying fully franked dividends is dependent on generating additional profits reserves, through positive investment portfolio performance, and franking credits."

Fully franked dividends since inception

Cents per share



Key final fully franked dividend dates

| | |
|---|------------------------|
| Ex-dividend date | 17 October 2023 |
| Dividend record date (7:00pm Sydney time) | 18 October 2023 |
| Last election date for DRP | 20 October 2023 |
| Final fully franked dividend payment date | 31 October 2023 |

Grossed-up dividend yield includes the benefits of franking credits and is based on a tax rate of 30.0%.

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended final fully franked dividend of 7.75 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 volume weighted average market price (VWAP) of shares sold on the ASX on the ex date for the relevant dividend and the three trading days following that date. The DRP will operate without a discount for the final dividend.

Investment portfolio performance since inception

| | 1 yr | 3 yrs %pa | 5 yrs %pa | 10 yrs %pa | Since inception %pa (Aug-99) |
|---|--------------|--------------|--------------|--------------|------------------------------|
| Performance as at 30 June 2023 | | | | | |
| WAM Capital Investment Portfolio | 18.2% | 9.7% | 5.5% | 10.8% | 14.9% |
| S&P/ASX All Ordinaries Accumulation Index | 14.8% | 11.4% | 7.3% | 8.8% | 8.2% |
| Outperformance | +3.4% | -1.7% | -1.8% | +2.0% | +6.7% |
| S&P/ASX Small Ordinaries Accumulation Index | 8.4% | 5.2% | 2.3% | 6.8% | 5.0% |
| Outperformance | +9.8% | +4.5% | +3.2% | +4.0% | +9.9% |

Investment portfolio performance is before expenses, fees, taxes and the impact of capital management initiatives to compare to the relevant indexes which are before expenses, fees and taxes.

Top holdings with portfolio weightings As at 30 June 2023

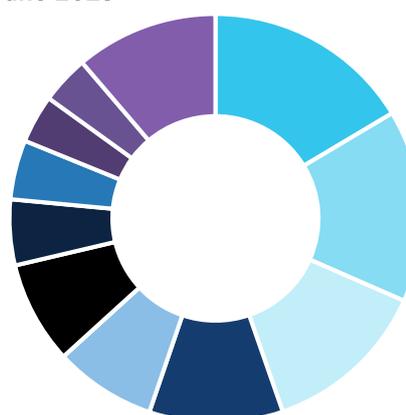
| Code | Name | % |
|---------------------------------|--|------|
| Research driven holdings | | |
| EHE | Estia Health Limited | 3.4% |
| WEB | Webjet Limited | 2.9% |
| VEA | Viva Energy Group Limited | 2.6% |
| HLS | Healius Limited | 2.5% |
| TUA | Tuas Limited | 2.0% |
| TNE | Technology One Limited | 1.8% |
| VUK | Virgin Money UK PLC | 1.8% |
| MGH | Maas Group Holdings Limited | 1.7% |
| RIC | Ridley Corporation Limited | 1.7% |
| SHV | Select Harvests Limited | 1.6% |
| Market driven holdings | | |
| FLT | Flight Centre Travel Group Limited | 2.9% |
| CAR | carsales.com Limited | 2.4% |
| FPH | Fisher & Paykel Healthcare Corporation Limited | 2.4% |
| NEU | Neuren Pharmaceuticals Limited | 2.0% |
| NXT | NEXTDC Limited | 1.9% |
| BGL | Bellevue Gold Limited | 1.8% |
| MRM | MMA Offshore Limited | 1.7% |
| WOR | Worley Limited | 1.7% |
| 360 | Life360 Inc. | 1.6% |
| MP1 | Megaport Limited | 1.3% |

Portfolio composition by market capitalisation

| | WAM Capital | S&P/ASX All Ordinaries Index | S&P/ASX Small Ordinaries Index |
|-------------|-------------|------------------------------|--------------------------------|
| ASX Top 20 | 0.0% | 57.3% | 0.0% |
| ASX 21-50 | 0.0% | 15.5% | 0.0% |
| ASX 51-100 | 17.6% | 12.9% | 9.7% |
| ASX 101-300 | 50.0% | 11.7% | 85.6% |
| Ex ASX 300 | 21.2% | 2.6% | 4.7% |

¹Investment portfolio held 11.2% in cash.

Diversified investment portfolio by sector As at 30 June 2023



- Consumer discretionary: 16.4%
- Health care: 15.2%
- Industrials: 13.1%
- Financials: 10.5%
- Communication services: 8.1%
- Information technology: 8.0%
- Materials: 5.2%
- Energy: 4.7%
- Real estate: 3.8%
- Consumer staples: 3.8%
- Cash: 11.2%

About WAM Capital

WAM Capital Limited (ASX: WAM) is a listed investment company (LIC) managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed, diversified portfolio of undervalued growth companies listed on the ASX, with a focus on small-to-medium sized businesses. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital.

All major platforms provide access to WAM Capital, including Asgard eWRAP Investment, BT Panorama, BT Wrap, Colonial First State FirstWrap, Hub24, 100F Pursuit Select Investment Service, Macquarie Investment Manager / Consolidator, MLC Wrap IDPS and SMS, Netwealth Wrap and North Investment. WAM Capital receives coverage from the following independent investment research providers:



**24
Years
Listed**



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

About Wilson Asset Management



Wilson Asset Management has a track record of making a difference for shareholders and the community for 25 years. As the investment manager for eight LICs – WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA) – Wilson Asset Management invests over \$5 billion on behalf of over 130,000 retail investors.

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

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

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