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Wilson Asset Management

September 2020

Sequoia Financial Group



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I. Wilson Asset Management

1998

Geoff Wilson establishes Wilson Asset Management



Mr Wilson . . . plenty of room for more LICs.



2008

\$150M IPO

W | A | M Active

“It’s the time you can buy a dollar of assets for 50c.”

1999

W | A | M Capital

\$20M IPO

2003

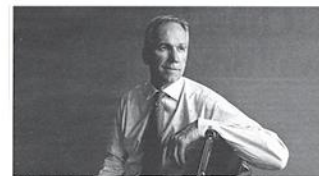
W | A | M Research

\$161M IPO

“Rule number one is ‘do not lose money’. Rule number two is the same as rule number one.”

2005

2012



Profile Geoff Wilson
Fascination with how stocks make money runs deep

2014

\$201M IPO



2016

W | A | M *Leaders*

\$394M IPO



2018



Geoff Wilson is awarded the Order of Australia

W | A | M *Global*

\$466M IPO

2015

\$302M IPO



2017

W | A | M *Microcap*

\$154M IPO

2019

OVER 20 YEARS Making a difference

Making a difference

*Highly active
Flexible mandates*

*Diversification
within and across
our seven LICs*

Proven investment
approach that has
delivered solid
returns for over

**20
years**

14 investment professionals with
combined investment experience
of more than 190 years

Creator and lead
supporter of:

**Future
Generation**
INVESTMENT & SOCIAL RETURNS

Committed to
philanthropic and
advocacy initiatives

**PLEDGE
1%**



Investment & management team



Geoff Wilson AO
BSc GMQ FFINSIA FAICD
Chairman &
Chief Investment
Officer



Kate Thorley
BCom CA GAICD
Chief Executive
Officer



Catriona Burns
BCom MAppFin FFINSIA CFA
Lead Portfolio
Manager



Matthew Haupt
BCom GradDipAppFin CFA
Lead Portfolio
Manager



Oscar Oberg
LLB BBus CFA
Lead Portfolio
Manager



Adrian Siew
BSc (Hons I)
Director and
Investment
Committee member



Tobias Yao
BCom CFA
Portfolio Manager



John Ayoub
LLB BA GradCertAppFin
Portfolio Manager



Nick Healy
BEng (Hons) MBA
Senior Equity
Analyst



Shaun Weick
BBus (Fin) CA
Equity Analyst



Sam Koch
BBus CFA
Equity Analyst



William Liu
BCom MFin
Equity Analyst



Cooper Rogers
BCom GradDipAppFin
Dealer



Tyler McKay
BBus
Assistant Dealer



Jesse Hamilton
BCom CA
Chief Financial
Officer



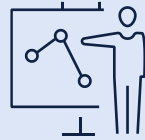
James McNamara
BJourn MComn GradDipFin
Head of Corporate
Affairs

How we invest



Screen

Investment universe for
value and growth



Rate

Qualitative management,
industry and position
Quantitative forecast
earnings per share (EPS)
growth valuation



Buy

When a **catalyst** is
identified



Sell

When our **valuation** is
reached

Actively managed LICs with high quality portfolios

LIC	Focus	Share price*	NTA before tax 31-Aug	Fully franked full year dividend	Profits reserve#
W A M <i>Capital</i>	The most compelling undervalued growth opportunities in the Australian market	\$2.23	\$1.74	15.5cps	17.5cps
W A M <i>Leaders</i>	Actively investing in the highest quality Australian companies	\$1.22	\$1.20	6.5cps	18.4cps
W A M <i>Global</i>	The world's most compelling undervalued growth companies	\$2.10	\$2.37	7.0cps	32.9cps
W A M <i>Microcap</i>	The most exciting undervalued growth opportunities in the Australian micro-cap market	\$1.57	\$1.49	9.0cps**	31.0cps
W A M <i>Research</i>	The most compelling undervalued growth opportunities in the Australian market	\$1.53	\$1.09	9.8cps	34.9cps
W A M <i>Active</i>	Market mispricing opportunities in the Australian market	\$1.065	\$0.99	6.0cps	10.8cps

*As at 29 September 2020.

**Includes the fully franked special dividend of 3.0 cents per share.

#The profits reserve figures are as at 31 August 2020.

2. Specialisation in LICs

Superiority of the listed investment company structure



Closed-end structure –
no applications or redemptions



The ability to make **longer term**
investment decisions



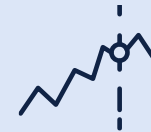
Trades on the ASX which
provides intra-day **liquidity**



Public companies provide
stringent **corporate governance**
and accountability of Directors



Provide a stream of
fully franked **dividends**



Provide **opportunities** –
can trade at a premium/
discount to assets

Consolidation in the LIC sector

After a 'golden decade' the LIC sector has entered a consolidation phase

We are actively participating in the consolidation and see significant opportunities:

- Blue Sky Alternative Assets Limited (ASX: BAF), introducing WAM Alternative Assets (ASX: WMA)
- WAM Capital bids for Contango Income Generator (ASX: CIE)
- WAM Capital bids for Concentrated Leaders Fund (ASX: CLF)

Blue Sky votes to let Wilson take over

JARED LYNCH

Geoff Wilson has expanded his investment empire after share holders of the embattled Blue Sky Alternative Investments agreed to let the Sydney fund manager put it out of its misery.

Shareholders in Blue Sky which has about \$710 million under management, including \$100 million in cash, approved to enter a new management deal with Mr Wilson's eponymous listed fund and change its name to WAM Alternative Assets Limited at an extraordinary general meeting on Tuesday.



Wilson

The takeover came more than two years after Blue Sky was targeted by a short-seller attack. Its share price nosedived, plummeting from \$1.19 to a low of 68c – following allegations from Glencore Resources that it had mismanaged its fee earning assets under management and proved its customers through excessive fees.

In March last year the company disclosed war on itself with its listed fund demanding its manager "immediately" resign.

At the same time it also called off negotiations with Mr Wilson to take over management of the fund. But on Tuesday, 93.2 per cent of shareholders voted to hand over management to Mr Wilson and 71 per cent voted to change the company's name to WAM Alternative Assets Limited.

Blue Sky's annual net profit dived 234 per cent to \$5.1bn, or 2.5c, a share, for the year to June 30.

Chairman Michael Cotter said the company's investment portfolio was likely to remain under pressure as the COVID-19 pandemic continued to take the toll on the money business.

"The reduction in profit after tax was driven by a reduction in net gains on the company's financial assets, as well as reduced dividend and trust distribution income, partly due to the impacts of COVID-19 on underlying portfolio companies," Mr Cotter said last week when he announced the result.

"As a result of COVID-19 the future outlook for many of the existing portfolio companies is expected to remain under pressure."

"This is expected to temporarily translate in many cases to reduced revenues and a consequent reduction in the availability of available cash at the portfolio company level."

Nevertheless, this is expected to delay anticipated business exits and reduce the distributions and dividend income paid out by them.

But Mr Cotter said Blue Sky's investment companies were in solid financial positions despite the uncertainty.

Wilson tops more mergers in LICs

EXCLUSIVE

CLAIRIA SPURDIN

Fund manager Geoff Wilson expects a new wave of consolidation to hit listed investment companies in the coming year, but says the prospects for the sector are the best they have been.

Speaking to The Australian a day after succeeding in his bid to take over the naming of embattled fund manager Blue Sky Alternative Investments, Mr Wilson said he was on the hunt for more opportunities.

"Our expertise is listed investment companies, most of which trade at a premium to their net tangible assets. That gives us a prime position to be uniquely involved in anything that happens in the sector," he said.

"Unfortunately there will be companies whose boards do make stupid decisions. And they have to be held to account. If that creates an opportunity for our shareholders, then we're very happy to take that opportunity."

Even before Blue Sky was a done deal, Mr Wilson had others in his sights. Last month he put forward a proposal to take control of ASX-listed Contango Income Generator and bring it into his stable of LICs.

In his view, Contango's recent decision to adopt a new global investment strategy and appoint US-based investment manager, as well as launch a capital raising of up to \$20m.

"We were just appalled. That capital raising was highly dilutive to shareholders. Very poor behaviour," Mr Wilson said.

"And changing from an Australian manager trying to find dividend yield to a US fund manager was just illogical."

Mr Wilson also lashed out at market takeover bid for another LIC, Concentrated Leaders Fund, again following a board decision he didn't agree with.

"The same shareholders in the fund and happy. It was internally managed, they internal management they were open. And then all of a sudden they decided to have it managed externally. And we didn't think that was fair. Again, they didn't go to shareholders."

"So in both instances we were calling them to account."

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Wilson Asset Management

Wilson's WAM nabs Blue Sky

Geoff Wilson's Wilson Asset Management has secured its alternative investments play.

WAM is set to gobble up management rights to Blue Sky Alternatives Access Fund and its \$200 million or so in assets, more than 18 months after turning its attention to the embattled listed fund.

WAM's expected to sign a deal as early as today and quickly set about rebranding it as WAM Alternative Assets and growing the portfolio.

Wilson's pitch to investors will be about using WAM's existing footprint to grow the fund's assets under

management and close the discount to its net tangible asset backing.

The idea is that the alternatives strategy would not be as correlated to equity markets as WAM's traditional listed investment companies, which have about 85,000 investors between them.

Wilson already has Adrian Slew, a former Carlyle Group operative, on board to help manage the alternatives fund. He's expected to add another hire should the deal get the green light.

Blue Sky Alternative Access Fund securities were in a trading halt yesterday during the final negotiations.

Need a manager? We are ready, Wilson tells Contango

Outspoken fund manager Geoff Wilson has taken aim at ASX-listed investment company Contango Income Generator Ltd and its board.

Not happy with Contango's plans to change strategies, hire a new manager and raise fresh equity at a big discount to its net tangible asset value, Wilson has fired a curt letter to the Contango fund's chairman Mark Kerr.

Wilson said the raising – at a 14.9 per cent discount to the pre-tax NTA – would destroy existing shareholders' value, and asked Contango to show that it had obtained ASX approval to run the institutional placement.

He also said investors were given only scant details about the plans to switch manager and it should have been disclosed to all shareholders prior to the equity raising.

"Clearly if the Directors of Contango decided this proposal was in the best

interests of all shareholders you would also consider it to be relevant market sensitive information which would likely have seen an increase to the Company's share price," Wilson said in his letter.

"Why did the current Directors think it appropriate to selectively provide the information in the Term Sheet to participants of the placement only?"

Wilson's firm owns about a 14.5 per cent stake in Contango Income Generator Ltd and bid to retain its holding via the placement.

He said if it was a change of manager the company was after, his firm could step up to the plate and have a management proposal ready to go in time for an upcoming extraordinary general meeting, scheduled for September 18.

It promises to be a busy few days – if not weeks – for Contango's board. This is not Wilson's first rodeo ...

Increasing fully franked dividends

Wilson Asset Management LICs	W A M <i>Leaders</i>	W A M <i>Global</i>	W A M <i>Microcap</i>
Increased FY2020 dividends on average by 9.1% year-on-year	15% dividend increase on FY2019	250% dividend increase on FY2019	33.3% dividend increase on FY2019
Traditional LICs	Large-cap LICs	Global LICs	Small-cap LICs
Average dividend cut of 16.2%	Australian large-cap focused LICs saw an average dividend increase of 1.1%	Almost half of global focused LICs cut their dividends.	Australian small-cap focused LICs saw an average dividend cut of 16.7%.

3. WAM Leaders Limited

ASX:
WLE

W | A | M *Leaders*

*Actively investing in the highest
quality Australian companies*

Listed in May 2016, WAM Leaders provides investors with exposure to an active investment process focused on identifying large-cap companies with compelling fundamentals, a robust macroeconomic thematic and a catalyst.



Matthew Haupt

Lead Portfolio Manager

BCom GradDip App Fin CFA

15 years' industry experience

8 years' tenure

Experience and expertise

Matthew is a highly experienced investment professional with more than 10 years as a portfolio manager and a strong track record across multiple investment strategies and products. Matthew is an avid consumer of macroeconomic data, which the WAM Leaders team utilises in both the research and market-driven strategies. Matthew is also a regular contributor to Australian financial media.



John Ayoub

Portfolio Manager

LLB BA GradCert App Fin

12 years' industry experience

4 years' tenure

Experience and expertise

John joined Wilson Asset Management at the inception of WAM Leaders following a successful career in investment banking and law. John was previously a director in equity sales and trading at Credit Suisse responsible for analysts and traders covering all segments of the Australian equity market. John has also worked in equity research, corporate finance and commercial law.

Investment portfolio performance

As at 31 August 2020	Fin YTD	6 mths	1 yr	3 yrs %pa	Since inception %pa (May-16)
WLE Investment Portfolio	3.5%	3.6%	5.6%	11.1%	10.6%
S&P/ASX 200 Accumulation Index	3.3%	-4.5%	-5.1%	6.1%	7.1%
Investment Portfolio Outperformance	+0.2%	+8.1%	+10.7%	+5.0%	+3.5%

Investment portfolio performance and Index returns are before expenses, fees and taxes.

1 year investment portfolio outperformance to 31 August[^]

10.7%

Investment portfolio performance (p.a. since inception May 2016)[^]

10.6%

Annualised interim dividend guidance^{*}

7.0cps

Fully franked full year dividend yield^{**}

5.7%

Fully franked grossed-up dividend yield[#]

8.2%

Dividend coverage^{##}

2.6 years

[^]Investment portfolio performance and Index returns are before expenses, fees and taxes.

^{*}Subject to no material adverse change in market conditions. The Company's ability to pay fully franked dividends is dependent on the receipt of franked dividends and the payment of tax on profits.

^{**}Based on the 29 September 2020 share price of \$1.22 cents per share.

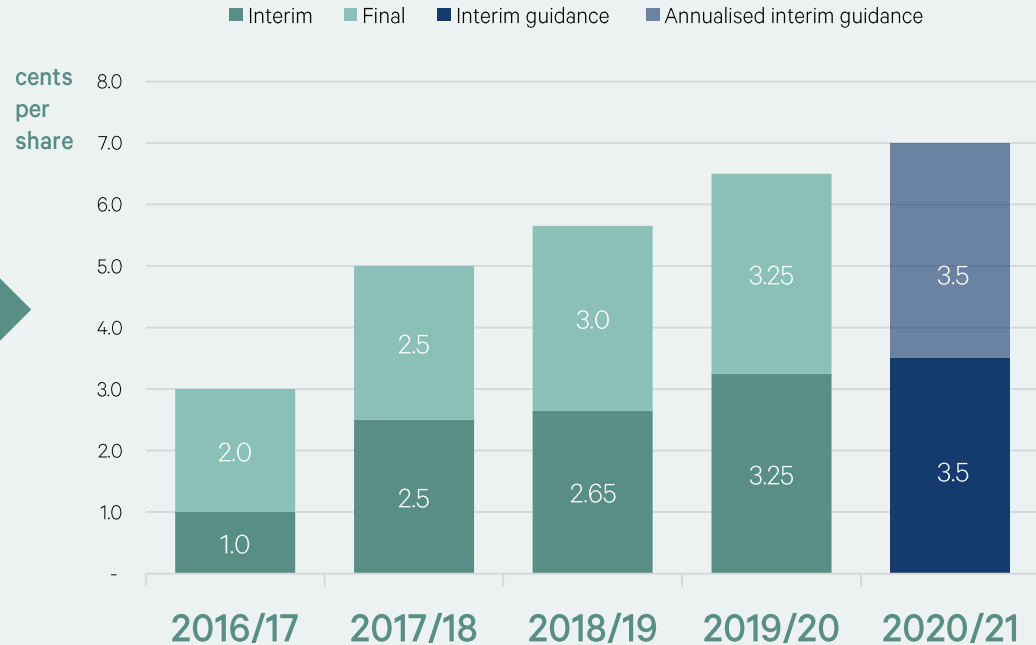
[#]Grossed-up dividend yield includes the benefit of franking credits and is based on a tax rate of 30.0%.

^{##}Dividend coverage is based on the profits reserve of 18.4 cents per share as at 31 August 2020, before the payment of the fully franked final dividend of 3.25 cents per share and the interim dividend guidance of 3.5 cents per share.

Increased fully franked dividends

15% increase
FY2020 fully
franked full year
dividend

7.7% increase
FY2021 fully
franked interim
dividend guidance*



*Subject to no material adverse change in market conditions. The Company's ability to pay fully franked dividends is dependent on the receipt of franked dividends and the payment of tax on profits.

Macroeconomic inflection points provide the most compelling opportunities

Dominant macroeconomic dynamics...

- Monetary and fiscal stimulus.
- Long duration equities vs. cyclicals.
- Technology companies' exposure to the return of economic growth.
- The question of inflation: undershoot or overshoot?
- Pockets of heightened valuations.
- Yield curve: markets pricing in lower forever – highly unlikely.
- Transition of value stocks to growth stocks as economic growth improves.

... requires highly active investment management

- Identifying macroeconomic thematics.
- Investing in best-in-class companies with a catalyst to drive the share price higher.
- Constantly monitoring signals and adjusting positioning.

Portfolio positioning

Coronavirus beneficiaries



Structural shift towards in-home dining



At-home shopping



Pull forward of sales

Fiscal & monetary stimulus



Government spending



Government spending



Government spending

Economic recovery & the return to 'normal'



THE STAR

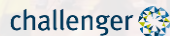
Navigating turmoil



Cutting costs & operating leverage



Retail recovery & balance sheet strength



Significant value



Ramsay Health Care

Pent-up demand

China's economic strength



Best in class iron-ore pure play



Iron ore exports



Iron ore exports



Increased production & cost-outs



High-grade nickel mines

Gold & the weakening US dollar



Growth potential in gold projects



Emerging markets



Quality gold producer



Quality gold producer

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OVER **20** Making a
YEARS difference

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