
May 2019

Investment Update

W | A | M *Capital*

W | A | M *Leaders*

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Dear Fellow Shareholders,

Investors welcomed the widely unexpected return of the Morrison Government with a \$32.8 billion rally in equities that saw the S&P/ASX All Ordinaries Index reach an 11-year high. We are extremely pleased that the inequitable and illogical franking credits proposal is now off the table for at least a generation. After the election, the listed investment company (LIC) sector is now poised for a recovery. Shares in our LICs rallied during the month: 3.0% for WAM Capital; 0.5% for WAM Leaders; 5.5% for WAM Global; 3.9% for WAM Research; 2.5% for WAM Active; and 5.4% for WAM Microcap against the broader sector which was flat*.

The S&P/ASX All Ordinaries Accumulation Index increased 1.7% in May, while the MSCI World Index (AUD) closed down 4.3%. Australia was the only advanced economy to experience a rise in its equity market during May and belied the state of the domestic economy. In announcing a rate cut of 0.25 percentage points to a record low of 1.25% on 4 June, Reserve Bank of Australia Governor Lowe warned of low wage growth, falling house prices, unemployment concerns and global trade uncertainties.

In the United States (US), speculation about the Federal Reserve's monetary policy decisions continued to dictate the equity markets' movements. The S&P 500 Index capped its worst month of the year, declining

6.6% in local terms as President Trump erratically extended his trade wars by proposing tariffs on Mexico. The Dow Jones Industrial Average ended May with six straight weekly losses, the longest slump since 2011, down 6.7% for the month in local terms. The Nasdaq Composite fell by 7.9% during the month in local terms, experiencing a technical correction on 3 June after the best four-month start to a calendar year in decades. China's CSI 300 Index was down 7.2% for the month in local terms, illustrating that both sides have been impacted by the ongoing trade war.

In Europe, the Euro Stoxx 50 Index and FTSE 100 Index closed the month down 6.7% and 3.5% respectively in local terms as the rise of populism and the impact of Brexit became apparent in the recent European Parliamentary elections.

We remain cautious in our investment outlook and focused on capital preservation as the bull market continues to be extended by cheap money from central banks. Over time loose monetary policy will cease to effectively stimulate the global economy, which continues to show signs of slowing.

Thank you for joining us at our May 2019 Shareholder Presentations

During May we travelled around Australia for our semi-annual Shareholder Presentations. It was great to connect with almost 4,000 of you across Australia and over 1,000 viewers

through the livestream at the Sydney presentation. We started in Toowoomba, followed by Launceston, Melbourne, Adelaide, Perth, Canberra, Brisbane and finished in Sydney. If you were unable to attend the presentations you can watch the [recording](#) and view the [slides](#).

We look forward to seeing you again at our next Shareholder Presentations in November, please see the following dates:

Gold Coast: Friday, 15 November 2019

Canberra: Monday, 18 November 2019

Sydney: Tuesday, 19 November 2019

Brisbane: Thursday, 21 November 2019

Hobart: Monday, 25 November 2019

Perth: Tuesday, 26 November 2019

Adelaide: Wednesday, 27 November 2019

Melbourne: Thursday, 28 November 2019

Future Generation Shareholder Presentation and Investment Forum

Thank you to all who attended the Future Generation Investment Forum where eight FGX and FGG fund managers presented their highest conviction stock picks. The Australian Financial Review's Chanticleer columnist Tony Boyd also joined Hamish Douglass, Magellan's chairman and chief investment officer. Over 1,000 people attended in Sydney – you can watch the Investment Forum recording [here](#).

You can also view the Future Generation [Shareholder Presentation](#) where FGX and FGG charities showed how they are directing their donations and the impact the charitable investment makes.

Good luck investing,



Geoff Wilson AO
Chairman & Chief Investment Officer

*Of the 60 LICs covered by Bell Potter research.



W | A | M Capital

Focus: small to mid-cap Australian companies
(ASX: WAM)

Portfolio update

The WAM Capital investment portfolio increased 0.1% in May. The S&P/ASX Small Industrials Accumulation Index fell 1.3% for the month. The S&P/ASX All Ordinaries Accumulation Index rose 1.7% during May, primarily driven by the Australian banks which rallied following the surprise Coalition re-election.

Research-driven portion of the investment portfolio:

A key contributor to the portfolio performance included Nine Entertainment Co. Holdings (ASX: NEC). We started buying NEC earlier this year following the completion of the company's merger with Fairfax Media (ASX: FXJ). In May, NEC announced that it has delivered additional annualised cost synergies of \$30 million in FY20 and expects that Stan will move from a loss making business to contributing more than \$30 million in earnings. NEC shares closed up 18.9% in May.

Market-driven portion of the investment portfolio:

A key contributor for the month was Automotive Holdings Group (ASX: AHG), which closed up 22.1% in May. AHG is a diversified automotive retailing and logistics group with operations in Australia and New Zealand. AHG is Australia's largest automotive retailer. During the month, AP Eagers (ASX: APE) improved its takeover offer for AHG and increased its all scrip offer of 1 APE share for every 3.6 AHG shares, which the board recommended. We first invested in AHG as we believed the weak new car sales environment was approaching a floor and believed Automotive Holdings Group's assets were strategically placed for future growth.



Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager



Martin Hickson
BBus BComp M App Fin
Lead Portfolio Manager

Net tangible asset (NTA) figures

The fully franked interim dividend of 7.75 cents was paid on 26 April 2019. Since inception, WAM Capital has paid \$2.31 per share in fully franked dividends to shareholders.

NTA before tax	183.19c*
NTA after tax and before tax on unrealised gains	183.81c**
NTA after tax	186.11c**

*The NTA before tax is after the payment of \$15.1m (210 cents per share) in tax during the month.

**Includes 0.55 cents per share of tax assets resulting from the acquisition of unlisted investment companies.

Based on the 31 May 2019 share price of \$2.09 per share and the annualised FY2019 fully franked interim dividend of 15.5 cents per share.

Pre-tax net
tangible assets

\$1.83

Gross assets

\$1,318.1m

Fully franked
dividend yield*

7.4%

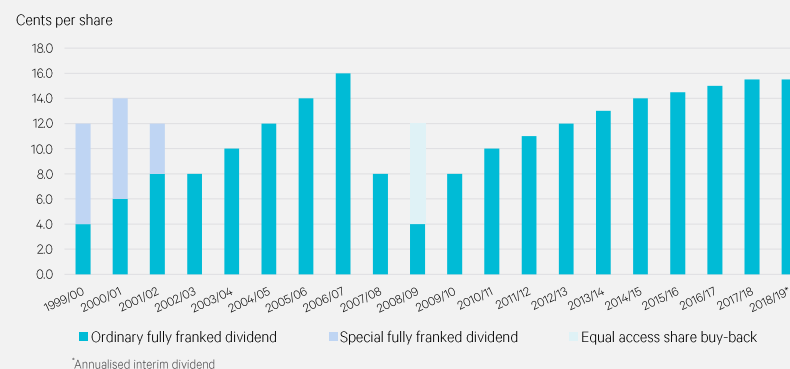
Performance
(p.a. since August 1999)

16.7%

Performance at 31 May 2019	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %p.a. (Aug-99)
WAM Investment Portfolio	0.1%	7.5%	12%	2.6%	9.4%	12.7%	15.9%	16.7%
S&P/ASX All Ordinaries Accumulation Index	1.7%	15.3%	7.4%	10.5%	10.5%	8.0%	10.1%	8.5%
Outperformance	-1.6%	-7.8%	-6.2%	-7.9%	-1.1%	+4.7%	+5.8%	+8.2%
S&P/ASX Small Ordinaries Accumulation Index	-1.3%	10.9%	1.0%	2.1%	9.8%	8.8%	6.5%	5.5%
Outperformance	+1.4%	-3.4%	+0.2%	+0.5%	-0.4%	+3.9%	+9.4%	+11.2%

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

Fully franked dividends since inception



Top 20 holdings in alphabetical order

Afterpay Touch Group Limited	APT
Appen Limited	APX
Austal Limited	ASB
Collins Foods Limited	CKF
Corporate Travel Management Limited	CTD
Credit Corp Group Limited	CCP
CSL Limited	CSL
Harvey Norman Holdings Limited	HVN
IDP Education Limited	IEL
InvoCare Limited	IVC
Myer Holdings Limited	MYR
Nine entertainment Co. Holdings Limited	NEC
Pengana International Equities Limited	PIA
PSC Insurance Group Limited	PSI
Service Stream Limited	SSM
Seven Group Holdings Limited	SVW
Steadfast Group Limited	SDF
Templeton Global Growth Fund Limited	TGG
The a2 Milk Company Limited	A2M
Xero Limited	XRO

Investment type	April 2019		May 2019	
	\$m	%	\$m	%
Listed equities	1,098.2	82.3	1,058.2	80.3
Short portfolio	(13.5)	(1.0)	(0.1)	(0.0)
Fixed interest & cash	248.9	18.7	260.0	19.7
Gross assets	\$1,333.6m	100.0	\$1,318.1m*	100.0
Market capitalisation	\$1,456.7m		\$1,499.7m	
Total shares on issue	717,571,132		717,571,132	

*This figure is after the payment of \$15.1m in tax during the month.

W | A | M Leaders

Focus: large-cap Australian companies
(ASX: WLE)

Portfolio update

The WAM Leaders investment portfolio increased 1.1% in May. The S&P/ASX 200 Accumulation Index rose 1.7% during the month, primarily driven by the Australian banks which rallied following the surprise Coalition re-election. The bulk mining stocks continued to push higher on the back of tightening supply and very strong China steel demand, with high iron-ore prices flowing into the record Australian trade surplus.

A portfolio contributor for the month was Telstra (ASX: TLS), which increased 80% in May. During the month, TLS announced an expected \$500 million write-down in the value of its information technology assets and a \$200 million increase in its restructuring costs. Despite this, TLS maintained its profit guidance for the 2019 financial year and we believe management may have brought forward the impairment due to the company's T22 change program running ahead of schedule. The T22 strategy includes a reduction of 8,000 staff and a \$3 billion investment in digitising and simplifying the company's information technology platforms by 2022. Telstra also stands to benefit from recent industry movements as the Commonwealth Government banned Huawei's development of Australia's 5G network.

A detractor to the portfolio performance during the month was Treasury Wine Estates (ASX: TWE). TWE's share price was impacted by concerns over the US-China trade war and the ripple effect given China's importance as a key export market. The company's share price has also come under pressure after its chief executive officer sold almost half of his ordinary shares in the company and amid a release of a short thesis report on the company from a US fund manager. TWE shares closed down 12.5% for May.



Matthew Haupt
BCom GradDip App Fin CFA
Lead Portfolio Manager

Net tangible asset (NTA) figures

The fully franked interim dividend of 2.65 cents per share was paid on 26 April 2019. Since inception, WAM Leaders has paid 10.7 cents per share in fully franked dividends to shareholders.

NTA before tax	121.51c*
NTA after tax and before tax on unrealised gains	119.85c
NTA after tax	118.65c

*The NTA before tax is after the payment of \$57k (0.007 cents per share) in tax during the month.

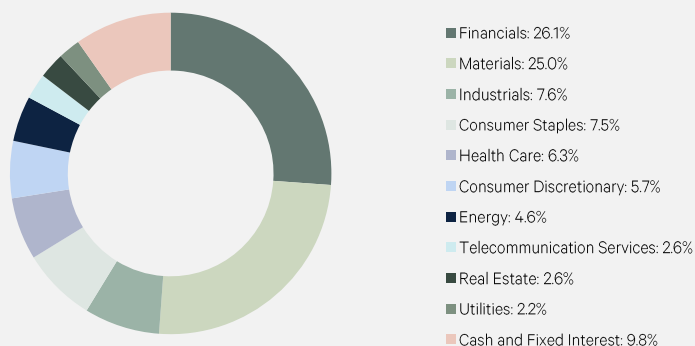
*Based on the 31 May 2019 share price of \$110 per share.

Pre-tax net tangible assets	Gross assets	Annualised fully franked interim dividend	Performance (p.a. since May 2016)
\$1.22	\$955.3m	5.3c	11.5%

Performance at 31 May 2019	1 mth	6 mths	Fin YTD	1 yr	Since inception %p.a. (May-16)
WLE Investment Portfolio	1.1%	15.0%	6.3%	9.1%	11.5%
S&P/ASX 200 Accumulation Index	1.7%	15.3%	7.6%	11.1%	10.5%
Outperformance	-0.6%	-0.3%	-1.3%	-2.0%	+1.0%

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

Portfolio composition by sector



Investment type	April 2019		May 2019	
	\$m	%	\$m	%
Listed equities	839.9	88.7	862.1	90.2
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	106.5	11.3	93.2	9.8
Gross assets	\$946.4m	100.0	\$955.3m*	100.0
Market capitalisation	\$858.4m		\$862.3m*	
Total shares on issue	783,890,791		783,890,791	

*This figure is after the payment of \$57k in tax during the month.

Top 20 holdings in alphabetical order

Aristocrat Leisure Limited	ALL
Australia & New Zealand Banking Group Limited	ANZ
BHP Group Limited	BHP
Brambles Limited	BXB
Commonwealth Bank of Australia	CBA
CSL Limited	CSL
Fortescue Metals Group Limited	FMG
Goodman Group	GMG
Iluka Resources Limited	ILU
Macquarie Group Limited	MQG
National Australia Bank Limited	NAB
Newcrest Mining Limited	NCM
Northern Star Resources Limited	NST
Rio Tinto Limited	RIO
Transurban Group	TCL
Telstra Corporation Limited	TLS
Westpac Banking Corporation	WBC
Wesfarmers Limited	WES
Woolworths Group Limited	WOW
Woodside Petroleum Limited	WPL

W | A | M Global

Focus: small to mid-cap international companies
(ASX: WGB)

Portfolio update

The MSCI World Index (AUD) decreased by 4.3% and the S&P Global Mid Small Index declined 4.8% in AUD terms in May. The information technology, energy, materials and consumer discretionary sectors led the month's declines, while real estate and utilities were the best performing sectors. Most major equity markets fell in local terms: the US S&P 500 Index fell by 6.6%; the Euro Stoxx 50 Index by 6.7%; the UK FTSE 100 Index by 3.5%; Japan's TOPIX by 6.5%; and China's CSI 300 Index by 7.2%.

Contributors to the investment portfolio performance during the month included Kobe Bussan (TYO: 3038), CME Group (NASDAQ: CME), Deutsche Boerse (ETR: DB1) and Harris Corp (NYSE: HRS).

Kobe Bussan is a Japanese discount supermarket chain, considered the nation's Aldi. The company operates a vertically integrated supply chain and offers a select range of privately branded low-priced products. Kobe Bussan continues to steadily expand its market share within the fragmented Japanese supermarket industry. We recently travelled to Japan to meet with Kobe Bussan's management team and were impressed with the long runway of growth still available to the company.

As market volatility increased in May, exchange operators CME Group and Deutsche Boerse contributed positively to performance. Derivatives exchanges benefit from increased volatility as market participants use derivatives to protect against uncertainty. Chicago-based CME is the world's largest derivatives exchange and Deutsche Boerse is the leading exchange in Germany.

Harris is the global leader in next-generation multi-band radios and electronic components for the US defence forces. While Harris has performed well to date, we believe the company is set to benefit from the operational and revenue synergies that will result from its pending merger with L3 Technologies (NYSE: LLL). We expect the combined entity to enjoy a privileged position as a best-in-class provider of electronic sub-systems within this space.

During May, trade tensions escalated significantly between the US and China. Following months of negotiations, the positive momentum deteriorated into a series of tit-for-tat announcements. First, President Trump accused the Chinese of attempting to renegotiate previously agreed to terms for a trade deal and increased tariffs from 10% to 25% on \$200 billion worth of Chinese goods and threatened to add tariffs of 25% on an additional \$325 billion worth of goods. The Chinese denied the charge and the Vice Minister of Foreign Affairs Zhang Hanhui accused the US of "economic terrorism, economic hegemony and economic chauvinism". The Chinese then placed an additional tariff of up to 25% on \$60 billion worth of US goods. The US returned fire by placing sanctions on Huawei in an attempt to cut it off from critical components for its business. In consequence to US hostilities, China threatened to limit access to rare earths supplies of which 80% of US supply originates from China. Rare earths are critical for manufacturing in US defence, technology and energy sectors.

We see a continuation of this approach to trade wars posing a key risk to global growth, increasing uncertainty for businesses and potentially reducing their willingness to undertake capital investments. We continue to regularly engage with company management of all our portfolio holdings regarding any potential impact from the trade war developments.



Catriona Burns
BCom MApp Fin CFA
Lead Portfolio Manager

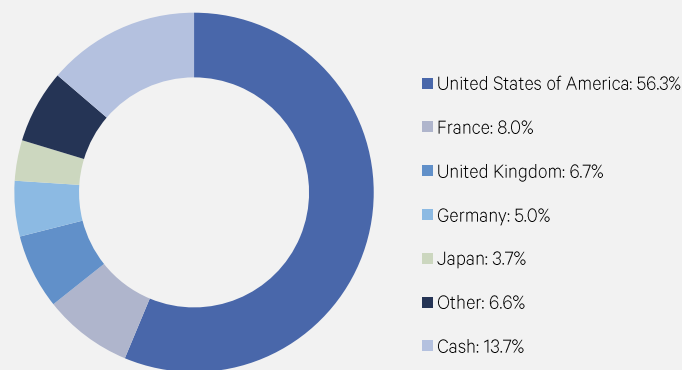
Pre-tax net
tangible assets

\$2.23

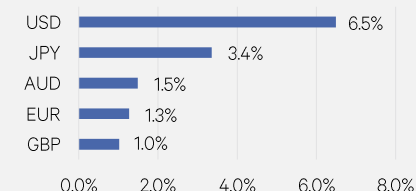
Gross assets

\$467.7m

Portfolio composition by geographical exposure



Cash currency exposure (13.7%)



Top 20 holdings in alphabetical order

Alphabet Inc	GOOG US	USA
American Express Company	AXP US	USA
Bandai Namco Holdings Inc	7832 JP	JPN
Becton Dickinson and Company	BDX US	USA
CDW Corporation	CDW US	USA
CME Group Inc	CME US	USA
CTS Eventim AG & Co KGaA	EVD GR	GER
Danone SA	BN FP	FRA
Deutsche Boerse AG	DB1 GY	GER
Diageo PLC	DGE LN	UK
Entertainment One Limited	ETO LN	UK
Harris Corporation	HRS US	USA
HCA Healthcare Inc	HCA US	USA
Kobe Bussan Co Limited	3038 JP	JPN
Logitech International SA	LOGN SW	SUI
Markel Corporation	MKL US	USA
Reckitt Benckiser Group PLC	RB LN	UK
Thermo Fisher Scientific Inc	TMO US	USA
United Technologies Corporation	UTX US	USA
Waste Management Inc	WM US	USA

Investment type	April 2019		May 2019	
	\$m	%	\$m	%
Listed equities	423.3	88.5	403.5	86.3
Short portfolio	0.0	0.0	0.0	0.0
Fixed interest & cash	54.9	11.5	64.2	13.7
Gross assets*	\$478.2m	100.0	\$467.7m	100.0
Market capitalisation	\$405.2m		\$427.4m [†]	
Total shares on issue	211,607,623		211,607,623	

*Gross assets exclude the \$5.0m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

Net tangible asset (NTA) figures

NTA before tax	222.77c
NTA after tax and before tax on unrealised gains	227.79c
NTA after tax	221.93c

[†]Based on the 31 May 2019 share price of \$2.02 per share.

W | A | M Research

Focus: small to mid-cap Australian companies
(ASX: WAX)

Portfolio update

The WAM Research investment portfolio increased 2.0% in May. Contributors to the portfolio performance included Nine Entertainment Co. Holdings (ASX: NEC) and Xero (ASX: XRO). We started buying NEC earlier this year following the completion of the company's merger with Fairfax Media (ASX: FXJ). In May, NEC announced that it has delivered additional annualised cost synergies of \$30 million in FY20 and expects that Stan will move from a loss making business to contributing more than \$30 million in earnings. NEC closed up 18.9% in May.

Xero (ASX: XRO) is a global accounting software provider. XRO announced its FY19 results during May, beating consensus estimates across all key metrics: increased customer base, revenue and earnings. The outperformance was driven by the success of its international division. We first invested in February 2019, with our catalyst to purchase being an expected acceleration in British subscribers following the United Kingdom's 'Making Tax Digital' regulatory change in its transition to digital tax returns. XRO closed up 9.8% for the month.



Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager

Net tangible asset (NTA) figures

The fully franked interim dividend of 4.85 cents per share was paid on 26 April 2019. Since inception, WAM Research has paid 99.5 cents per share in fully franked dividends to shareholders.

NTA before tax	118.85c
NTA after tax and before tax on unrealised gains	119.70c
NTA after tax	116.62c

Based on the 31 May 2019 share price of \$1.35 per share and the annualised FY2019 fully franked interim dividend of 9.7 cents per share.

Pre-tax net tangible assets

\$1.19

Gross assets

\$227.6m

Fully franked dividend yield[^]

7.2%

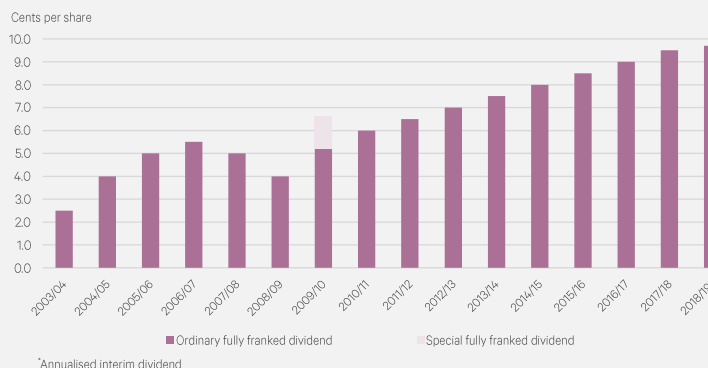
Performance (p.a. since July 2010)

16.4%

Performance at 31 May 2019	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	7 yrs %pa	Since change in investment strategy %p.a. (Jul-10)
WAX Investment Portfolio	2.0%	9.2%	2.3%	3.4%	9.8%	14.8%	17.9%	16.4%
S&P/ASX All Ordinaries Accumulation Index	1.7%	15.3%	7.4%	10.5%	10.5%	8.0%	11.3%	9.3%
Outperformance	+0.3%	-6.1%	-5.1%	-7.1%	-0.7%	+6.8%	+6.6%	+7.1%

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

Fully franked dividends since inception



Top 20 holdings in alphabetical order

AMA Group Limited	AMA
Austal Limited	ASB
Bravura Solutions Limited	BVS
Cleanaway Waste Management Limited	CWY
Credit Corp Group Limited	CCP
CSR Limited	CSR
G8 Education Limited	GEM
Harvey Norman Holdings Limited	HVN
Infomedia Limited	IFM
InvoCare Limited	IVC
Monadelphous Group Limited	MND
Myer Holdings Limited	MYR
Nine Entertainment Co. Holdings Limited	NEC
PSC Insurance Group Limited	PSI
Service Stream Limited	SSM
The a2 Milk Company Limited	A2M
Vista Group International Limited	VGL
Viva Energy Group Limited	VEA
Vocus Group Limited	VOC
Xero Limited	XRO

Investment type	April 2019		May 2019	
	\$m	%	\$m	%
Listed equities	180.6	80.8	177.7	78.1
Fixed interest & cash	42.9	19.2	49.9	21.9
Gross assets	\$223.5m	100.0	\$227.6m	100.0
Market capitalisation	\$248.2m		\$257.7m	
Total shares on issue	190,907,874		190,907,874	

W | A | M Active

Focus: market mispricing within the Australian equity market (ASX: WAA)

Portfolio update

The WAM Active investment portfolio decreased 1.7% in May. A detractor to the performance during May was Macquarie Group (ASX: MQG). We invested in MQG as we believed the company's FY19 guidance of 15% profit growth was conservative given the strong growth in their funds management business. In early May, MQG released its FY19 results and reported earnings growth of 17%, however its outlook for FY20 earnings was 'slightly down on FY19' which was below the markets' expectations. MQG shares closed down 10.7% for the month.

A key contributor for the month was Automotive Holdings Group (ASX: AHG), which closed up 22.1% in May. AHG is a diversified automotive retailing and logistics group with operations in Australia and New Zealand. AHG is Australia's largest automotive retailer. During the month, AP Eagers (ASX: APE) improved its takeover offer for AHG and increased its all scrip offer of 1 APE share for every 3.6 AHG shares, which the board recommended. We first invested in AHG as we believed the weak new car sales environment was approaching a floor and believed Automotive Holdings Group's assets were strategically placed for future growth.



Martin Hickson
BBus BComp M App Fin
Lead Portfolio Manager

Net tangible asset (NTA) figures

The fully franked interim dividend of 2.95 cents per share was paid on 26 April 2019. Since inception, WAM Active has paid 65.8 cents per share in fully franked dividends to shareholders.

NTA before tax	102.10c
NTA after tax and before tax on unrealised gains	103.26c
NTA after tax	103.24c

*Based on the 31 May 2019 share price of \$1.01 per share and the annualised FY2019 fully franked interim dividend of 5.9 cents per share.

Pre-tax net tangible assets

\$1.02

Gross assets

\$47.4m

Fully franked dividend yield^a

5.8%

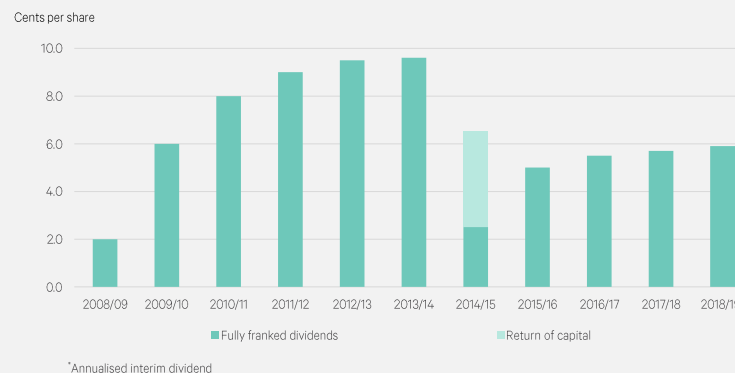
Performance (p.a. since January 2008)

12.0%

Performance at 31 May 2019	1 mth	6 mths	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %p.a. (Jan-08)
WAA Investment Portfolio	-1.7%	6.1%	1.5%	3.2%	9.3%	10.4%	13.2%	12.0%
S&P/ASX All Ordinaries Accumulation Index	1.7%	15.3%	7.4%	10.5%	10.5%	8.0%	10.1%	4.5%
Outperformance	-3.4%	-9.2%	-5.9%	-7.3%	-1.2%	+2.4%	+3.1%	+7.5%
UBS Bank Bill Index (Cash)	0.2%	1.0%	1.9%	2.0%	1.9%	2.1%	3.0%	3.4%
Outperformance	-1.9%	+5.1%	-0.4%	+1.2%	+7.4%	+8.3%	+10.2%	+8.6%

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

Fully franked dividends since inception



Investment type	April 2019		May 2019	
	\$m	%	\$m	%
Listed equities	39.8	82.5	37.9	79.9
Short portfolio	(0.9)	(2.0)	(0.0)	(0.0)
Fixed interest & cash	9.4	19.5	9.5	20.1
Gross assets	\$48.3m	100.0	\$47.4m	100.0
Market capitalisation	\$45.5m		\$46.7m	
Total shares on issue	46,208,095		46,208,095	

Top 20 holdings in alphabetical order

Afterpay Touch Group Limited	APT
Altium Limited	ALU
Appen Limited	APX
Ausdrill Limited	ASL
Brickworks Limited	BKW
Cimic Group Limited	CIM
Collins Foods Limited	CKF
Corporate Travel Management Limited	CTD
CSL Limited	CSL
Downer EDI Limited	DOW
IDP Education Limited	IEL
Megaport Limited	MP1
Metcash Limited	MTS
NRW Holdings Limited	NWH
Pengana International Equities Limited	PIA
Polynovo Limited	PNV
Seven Group Holdings Limited	SVW
Steadfast Group Limited	SDF
Super Retail Group Limited	SUL
Templeton Global Growth Fund Limited	TGG

W | A | M *Microcap*

Focus: micro-cap Australian companies
(ASX: WMI)

Portfolio update

The WAM Microcap investment portfolio increased by 0.7% in May. Contributors to the portfolio performance included Uniti Wireless (ASX: UWL) and Audinate Group (ASX: AD8).

UWL is a fixed wireless broadband network provider that connects residents and businesses across Australia to the internet. During May, UWL raised capital in an over-subscribed share placement, which we participated in, to fund a growing pipeline of accretive acquisitions. This capital was quickly put to use in the takeovers of Fone Dynamics and Call Dynamics, which further expanded its business into wireless, fibre and specialty telecommunication services. We first invested in UWL due to the strong growth opportunities in the sector and increasing demand for data. UWL closed up 116.7% in the month.

AD8 is the leading provider in digital media networking. Their technology is embedded into a growing number of media devices, improving the speed and range of audio connections. We invested in AD8 with an expectation that their industry leading position would drive an acceleration in revenue, and that new products would leverage their existing intellectual property into adjacent market opportunities. We continue to hold AD8 as this thesis plays out. AD8 closed up 28.2% in May.



Oscar Oberg
LLB BBus CFA
Lead Portfolio Manager



Martin Hickson
BBus BComp M App Fin
Lead Portfolio Manager

Net tangible asset (NTA) figures

The fully franked interim dividend of 2.25 cents per share was paid on 26 April 2019. Since inception, WAM Microcap has paid 8.3 cents per share in fully franked dividends to shareholders.

NTA before tax	130.75c
NTA after tax and before tax on unrealised gains	129.90c
NTA after tax	126.34c

[†]Based on the 31 May 2019 share price of \$1.26 per share.

Pre-tax net tangible assets

\$1.31

Gross assets

\$186.4m

Annualised fully franked interim dividend

4.5c

Performance (p.a. since June 2017)

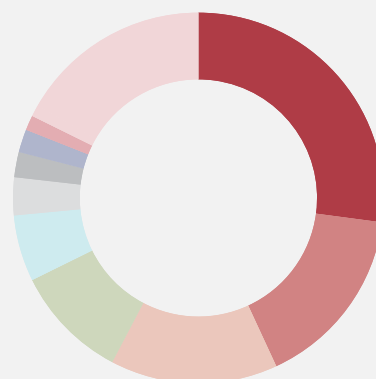
18.1%

Performance at 31 May 2019

	1 mth	Fin YTD	1 yr	Since inception %p.a. (Jun-17)
WMI Investment Portfolio	0.7%	6.2%	8.6%	18.1%
S&P/ASX Small Ordinaries Accumulation Index	-1.3%	1.0%	2.1%	12.0%
Outperformance	+2.0%	+5.2%	+6.5%	+6.1%

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

Portfolio composition by sector



Top 20 holdings in alphabetical order

360 Capital Total Return Fund	TOT
5G Networks Limited	5GN
Cirrus Networks Holdings Limited	CNW
City Chic Collective Limited	CCX
Data#3 Limited	DTL
Enero Group Limited	EGG
Generational Development Group Limited	GDG
Infomedia Limited	IFM
Johns Lyng Group Limited	JLG
Jumbo Interactive Limited	JIN
Myer Holdings Limited	MYR
Noni B Limited	NBL
Propel Funeral Partners Limited	PPF
PSC Insurance Group Limited	PSI
QANTM Intellectual Property Limited	QIP
Rhipe Limited	RHP
Spicers Limited	SRS
Think Childcare Limited	TNK
Village Roadshow Limited	VRL
Vita Group Limited	VTG

Investment type	April 2019		May 2019	
	\$m	%	\$m	%
Listed equities	155.0	83.6	155.2	83.3
Short portfolio	(0.0)	(0.0)	(0.0)	(0.0)
Fixed interest & cash	30.4	16.4	31.2	16.7
Gross assets	\$185.4m	100.0	\$186.4m	100.0
Market capitalisation	\$168.3m		\$177.5m [†]	
Total shares on issue	140,861,776		140,861,776	

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



Martin Hickson
BBus BComp MAppFin
Lead Portfolio
Manager



Oscar Oberg
LLB BBus CFA
Lead Portfolio
Manager



Tobias Yao
BCom CFA
Portfolio Manager



John Ayoub
LLB BA GradCertAppFin
Portfolio Manager



Nick Healy
BEng (Hons) MBA
Global Equity
Analyst



Sam Koch
BBus
Equity Analyst



Cooper Rogers
BCom GradDipAppFin
Dealer



Jesse Hamilton
BCom CA
Chief Financial
Officer



James McNamara
BJourn MComn GradDipFin
Head of Corporate
Affairs