

Annual General Meeting Chairman's Address

21 November 2024
ASX announcement

Introduction and welcome

Good morning and welcome to the third WAM Strategic Value (ASX: WAR) Limited Annual General Meeting (AGM). My name is Geoff Wilson, Chairman of the Board of Directors.

This is a hybrid meeting, held both online and in person here at the Museum of Sydney. The hybrid meeting format allows those that cannot join us in person to ask questions and actively participate. This is very important to us at Wilson Asset Management.

I acknowledge the Gadigal people of the Eora nation and pay my respects to Elders past and present.

Thank you for joining us and for your continued support of WAM Strategic Value. I am joined today by my fellow Board members, Kate Thorley, Glenn Burge and Virginia Waterhouse. Scott Whiddett, a representative from WAM Strategic Value's auditor, Pitcher Partners, will be available to address any questions relating to the Company's financial statements.

We are also joined by Wilson Asset Management Head of Finance Ophelia Lam, who will moderate today's meeting, and assist in addressing any questions received online or in person during the meeting.

FY2024 in review

Financial results

The WAM Strategic Value investment portfolio performed strongly, increasing 18.6% in the financial year to 30 June 2024. The investment portfolio performance contributed to a 44.7% increase in the Company's record operating profit before tax of \$28.7 million (FY2023: \$19.8 million) and an operating profit after tax of \$22.1 million (FY2023: \$15.8 million). This supported the Board of Directors' decision to declare an increased fully franked final dividend of 3.0 cents per share, surpassing previous dividend guidance provided to shareholders, along with a special fully franked dividend of 1.0 cents per share. The fully franked final dividend brings the fully franked full year dividend to 5.25 cents per share, a 50% increase on FY2023.

The Board is committed to paying a stream of fully 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 generate franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on realised profits.

Total shareholder return (TSR) measures the tangible value shareholders gain from share price growth and dividends paid over the period, before and after the value of any franking credits distributed to shareholders through fully franked dividends. TSR for the period was 16.9%, or 18.9% when including the value of franking credits. This was driven by the FY2023 fully franked final dividend of 2.0 cents per share paid in October 2023, the FY2024 fully franked interim dividend of 2.25 cents per share paid in May 2024 and the narrowing of the share price discount to NTA over the year.

FY2025 update and outlook

Company update

Through our continued focus on identifying and capitalising on share price discounts to underlying asset values of listed companies, primarily listed investment companies (LICs) and listed investment trusts (LITs), the investment portfolio has increased 3.9% in the four months to 31 October 2024 and 23.9% over the past 12-months. At 31

October 2024, the Company had 16.6 cents per share available in its profits reserve, after the payment of the FY2024 fully franked final dividend of 3.0 cents per share on 29 October 2024 and before the FY2024 special fully franked dividend of 1.0 cents per share. The annualised 3.0 cents per share fully franked final dividend represents a 5.2% dividend yield on the Company's 31 October 2024 share price of \$1.16 per share and a grossed-up dividend yield of 7.4%*.

Market outlook

WAM Strategic Value focuses on providing shareholders with solid risk-adjusted returns by identifying and capitalising on buying assets at a discount; effectively trying to buy \$1 of assets for 80 cents or less. We continue to believe it is an opportunistic time to be investing with quality investment managers, as share price discounts to NTA across the LIC and LIT sectors lead to continued corporate activity and liquidity event opportunities for WAM Strategic Value.

Over the past three years, the LIC and LIT sector experienced a widening of the average share price discount to NTA as investors took advantage of the higher for longer interest rate dynamic, increasing their exposure to term deposits and cash. During the period we increased our holdings in a number of companies trading at attractive discounts to NTA.

Interest rate cuts in 2025 will be a catalyst leading discounts to narrow as investors rotate out of cash, term deposits and fixed interest products. The WAM Strategic Value share price should be trading at NTA or a premium given the value embedded within the investment portfolio. The share price discount to NTA has narrowed from 14.9% at 30 June 2024 to 8.6% at 31 October 2024 and we are committed to returning the share price to NTA.

There have been several capital raisings in the LIC and LIT sector this financial year, including issuance on the secondary market and the initial public offering (IPO) of two new fixed income LITs. Recently a number of LICs and LITs have restructured to open-ended managed funds or active exchange-traded funds (ETFs). Magellan Global Fund (MGF) converted to an open-ended active ETF at close to NTA parity, followed by similar announcements from Platinum Asia Investments (ASX: PAI) and Platinum Capital (ASX: PMC), which will cease to exist around March 2025.

Further consolidation will appear in the coming years with LICs and LITs that have underperformed, or failed to properly engage with shareholders, choosing to or being forced into restructure, the sector will emerge from this period of consolidation stronger with a solid platform for growth.

Shareholder advocacy

Shareholder advocacy on behalf of retail investors remains a priority for Wilson Asset Management. We continue to consult shareholders on important issues in an attempt to allow Australian investors to be treated equitably. Current issues include the 'sophisticated investor test', the government's proposal to tax unrealised gains on super balances over \$3 million and the Australian Prudential Regulation Authority's proposal to phase out Bank Hybrids.

For more information

Further information on WAM Strategic Value can be found in the FY2024 [Annual Report](#) and [website](#).

Thank you

On behalf of the Board of Directors, I would like to thank, you, our shareholders for your ongoing support.

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

About WAM Strategic Value

WAM Strategic Value Limited (ASX: WAR) became Wilson Asset Management’s eighth listed investment company in June 2021. WAM Strategic Value provides shareholders with exposure to Wilson Asset Management’s proven investment process focused on identifying and capitalising on share price discounts to underlying asset values of listed companies, primarily listed investment companies (LICs) and listed investment trusts (LITs) (commonly referred to as closed-end funds). The Company’s investment objectives are to provide capital growth over the medium to long term, deliver a stream of fully franked dividends and preserve capital.

All major platforms provide access to WAM Strategic Value, including Asgard eWRAP Investment, BT Panorama, BT Wrap, Colonial First State FirstWrap, Hub24, IOOF Pursuit Select Investment Service, Macquarie Investment Manager / Consolidator, MLC Wrap IDPS and SMS, Netwealth Wrap and North Investment.

Listed
June 2021



WAM Strategic Value receives coverage from the following independent investment research providers:



This announcement has been authorised by the Board of WAM Strategic Value 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) – and the Wilson Asset Management Leaders Fund, 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, a significant funder of many Australian charities, providing all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.



>\$5 billion
in funds under management

>200 years
combined investment experience

>25 years
making a difference for shareholders

10
investment products

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

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