

Outperformance drives increased fully franked interim dividend and profit

2 February 2021
ASX announcement

- **155.2% increase in operating profit before tax to \$69.6 million***
- **36.4% investment portfolio performance[^] in the financial year to date, outperforming the Index by 16.1%[^]**
- **33.3% increase FY2021 fully franked interim dividend, to 4.0 cents per share**

WAM Microcap achieved a 155.2% increase in operating profit before tax to \$69.6 million and a 149.9% increase in operating profit after tax to \$49.2 million in its FY2021 half year results*. The operating profit for the half year is reflective of the strong investment portfolio performance and the growth in assets over the period.

The WAM Microcap Board of Directors has declared a fully franked interim dividend of 4.0 cents per share, which represents a 33.3% increase on the FY2020 fully franked interim dividend. The fully franked dividend has been achieved through the strong performance of the investment portfolio since inception and the profits reserve available and is consistent with the Company's investment objective of delivering investors a stream of fully franked dividends.

The Company's strong investment portfolio performance provided shareholders with a total shareholder return of 61.0% in the six months to 31 December 2020. WAM Microcap's investment portfolio increased 36.4%[^] outperforming the S&P/ASX Small Ordinaries Accumulation Index by 16.1%[^], with an average cash holding of 14.0% during the half year to 31 December 2020. The WAM Microcap investment portfolio increased 28.7%[^] in the 2020 calendar year, outperforming the Index by 19.5%[^] with an average cash holding of 18.8%.

WAM Microcap's investment approach, which focuses on providing access to a portfolio of undervalued micro-cap growth companies, has led to strong investment portfolio outperformance throughout the Company's history. Since inception in June 2017, the WAM Microcap investment portfolio has increased 23.8%[^] per annum, outperforming the Index by 13.2%[^] per annum.

The Company has a profits reserve of 37.5 cents per share as at 31 December 2020, representing 4.7 years of dividend coverage, and forms part of the net tangible assets (NTA) of the Company. Since inception, WAM Microcap has paid 21.75 cents per share in fully franked dividends to shareholders.

The WAM Microcap fully franked interim dividend will be paid on Tuesday 20 April 2021. The record date is Thursday 8 April 2021 and the shares will trade ex dividend on Wednesday 7 April 2021. The last election date for the Dividend Reinvestment Plan (DRP) is Monday 12 April 2021.

The DRP will be operating with a 2.5% discount for the interim dividend.

FY2021 Interim Results Webinar

Please **register** to join Chairman and Chief Investment Officer Geoff Wilson AO, Lead Portfolio Manager Oscar Oberg, Portfolio Manager Tobias Yao, Equity Analyst Shaun Weick and Equity Analyst Sam Koch for our WAM Capital, WAM Microcap, WAM Research and WAM Active **FY2021 Interim Results Webinar** on Tuesday 2 February 2021 at 2:30pm (Sydney time). We encourage you to ask any questions you may have.

Investment portfolio outperformance since inception

as at 31 December 2020

	Fin YTD	1 yr	Since inception %pa (Jun-17)
WMI Investment Portfolio [^]	36.4%	28.7%	23.8%
S&P/ASX Small Ordinaries Accumulation Index	20.3%	9.2%	10.6%
Outperformance	+16.1%	+19.5%	+13.2%

*The HY2021 profit figures are unaudited. Audited half-year results will be announced to the market in February 2021.

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

For personal use only

Top 20 holdings with portfolio weightings

as at 31 December 2020

Code	Company	%	Code	Company	%
IFM	Infomedia Limited	2.7%	BBN	Baby Bunting Group Limited	1.6%
PPE	People Infrastructure Limited	2.7%	TRS	The Reject Shop Limited	1.6%
DSK	dusk Group Limited	2.5%	EVO	Evolve Education Group Limited	1.6%
CAJ	Capitol Health Limited	2.1%	EHE	Estia Health Limited	1.6%
VVA	Viva Leisure Limited	2.1%	MLD	MACA Limited	1.5%
EGG	Enero Group Limited	2.1%	NTD	National Tyre & Wheel Limited	1.5%
SSG	Shaver Shop Group Limited	2.0%	GDG	Generation Development Group Limited	1.5%
SWM	Seven West Media Limited	1.8%	VGL	Vista Group International Limited	1.5%
MTO	Motorcycle Holdings Limited	1.7%	SKO	Serko Limited	1.5%
THL NZX	Tourism Holdings Limited	1.7%	HT1	HT&E Limited	1.5%

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

About WAM Microcap

WAM Microcap Limited has an investment management agreement with Wilson Asset Management. Listed in June 2017, WAM Microcap provides investors access to a portfolio of undervalued micro-cap growth companies with a market capitalisation of less than \$300 million at the time of acquisition. WAM Microcap also provides exposure to relative value arbitrage and market mispricing opportunities. WAM Microcap's investment objectives are to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital.

All major platforms provide access to WAM Microcap, including AMP North, BT Panorama, Colonial First State FirstWrap, Netwealth, Macquarie Wrap and Hub24. WAM Microcap receives coverage from the following independent investment research providers:



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 the investment manager for seven leading LICs: WAM Capital, WAM Leaders, WAM Global, WAM Microcap, WAM Alternative Assets, WAM Research and WAM Active, Wilson Asset Management invests over \$3.5 billion on behalf of more than 90,000 retail investors.

Wilson Asset Management created and is the lead supporter of the first listed investment companies 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 further information, visit wilsonassetmanagement.com.au or contact:

Geoff Wilson AO
Chairman &
Chief Investment Officer
(02) 9247 6755

Kate Thorley
Chief Executive Officer
(02) 9247 6755
0405 115 644

Jesse Hamilton
Chief Financial Officer
(02) 9258 4953
0401 944 807

James McNamara
Head of Corporate Affairs
(02) 9258 4915
0416 734 080