

# WAM MICROCAP LIMITED

ABN 34 617 838 418

## Appendix 4E Preliminary Final Report for the year ended 30 June 2021

### Results for Announcement to the Market

All comparisons to the year ended 30 June 2020

	\$	up/down	% mvmt
Revenue from ordinary activities	119,442,262	up	446.0%
Profit from ordinary activities before income tax expense	107,013,769	up	621.6%
Net profit from ordinary activities after income tax expense	76,098,601	up	571.8%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2021 Special dividend cents per share	4.0c	4.0c	30%
2021 Final dividend cents per share	4.0c	4.0c	30%
2021 Interim dividend cents per share	4.0c	4.0c	30%

### Final and special dividend dates

Ex dividend date	11 October 2021
Record date	12 October 2021
Last election date for the DRP	14 October 2021
Payment date	22 October 2021

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked final dividend of 4.0 cents per share and the fully franked special dividend of 4.0 cents per share qualify. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividends would purchase at the relevant issue price. The relevant issue price will be calculated as the VWAP (volume weighted average market price) of shares sold on the ASX over the four trading days commencing on the ex dividend date for the relevant dividends. The DRP will operate with a 2.5% discount for the final and special dividends.

	30 Jun 21	30 Jun 20
Net tangible asset backing (after tax) per share	\$1.58	\$1.28

This report is based on the Annual Report which has been audited by Pitcher Partners. The audit report is included with the Company's Annual Report which accompanies this Appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.

**W | A | M** *Microcap*

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**A N N U A L**  
**R E P O R T**

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**W** **Wilson**  
Asset Management

**OVER 20 YEARS** Making a  
difference

## WAM Microcap Limited

WAM Microcap Limited (WAM Microcap or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

### Wilson Asset Management

#### Directors

Geoff Wilson AO (Chairman)  
Jacqueline Sullivan  
Kate Thorley  
Adrian Siew

#### Joint Company Secretaries

Jesse Hamilton  
Linda Kiriczenko

#### Investment Manager

MAM Pty Limited  
Level 26, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
(part of the Wilson Asset  
Management Group)

#### Country of Incorporation

Australia

#### Registered Office

Level 26, Governor Phillip Tower  
1 Farrer Place Sydney NSW 2000

#### Contact Details

Postal Address: GPO Box 4658  
Sydney NSW 2001

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**E** [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au)

**W** [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

### Share Registry

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000

**T** 1300 420 372 (in Australia)

+61 2 8023 5472 (International)

**F** (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

### Australian Securities Exchange

WAM Microcap Limited  
Ordinary Shares (WMI)

### Auditor

Pitcher Partners

## Shareholder Presentations November 2021

Due to the ongoing health concerns as a result of the coronavirus pandemic, WAM Vault will replace our Shareholder Presentations. Further information will be provided at [wilsonassetmanagement.com.au/vault](http://wilsonassetmanagement.com.au/vault).

W | A | M Vault

## FY2021 highlights

# +58.7%

record total shareholder return

# +53.2%

record investment portfolio performance

# \$107.0m 12.0c

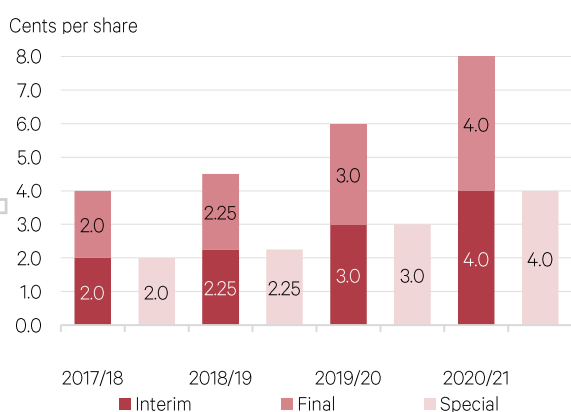
record operating profit before tax

FY2021 total fully franked full year dividend including a 4.0 cps special dividend

### 30 June 2021 snapshot

Listing date	June 2017
Gross assets	\$360.3m
Market capitalisation	\$378.2m
Shares on issue	207,247,850
Share price	\$1.825
Net tangible assets (pre-tax)	\$1.69
Net tangible assets (post-tax)	\$1.58
FY2021 fully franked full year dividend	8.0 cents
FY2021 fully franked special dividend	4.0 cents
FY2021 total full year dividend	12.0 cents

### Fully franked dividends since inception



### FY2021 results

WAM Microcap's investment portfolio increased by a record 53.2% during the 12-month period to 30 June 2021, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 20.0%. The outperformance was achieved with an average cash weighting of 12.3%, reflecting the strong risk-adjusted returns provided by the Investment Manager during the period. Since inception, the investment portfolio has increased 24.1% per annum, while holding on average 19.6% in cash, outperforming the Index by 12.1% per annum.

The Board declared a fully franked full year dividend of 8.0 cents per share, an increase of 33.3% on the previous year, with the fully franked final dividend being 4.0 cents per share. The Board also declared a fully franked special dividend of 4.0 cents per share, an increase of 33.3% on last year's special dividend. WAM Microcap has paid 25.75 cents per share in fully franked dividends to shareholders since inception. As at 31 July 2021, the Company's profits reserve was 48.6 cents per share, representing 6.1 years of dividend coverage.

WAM Microcap achieved a record operating profit before tax of \$107.0 million for the year (FY2020: \$14.8 million) and an operating profit after tax of \$76.1 million (FY2020: \$11.3 million). The record operating profit for the year is reflective of the record investment portfolio performance during the period.



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# Letter from the Chairman

Geoff Wilson AO



## Dear Fellow Shareholders,

Thank you for your support in what has been a challenging period. WAM Microcap had a vintage year, delivering a record investment portfolio performance and a record operating profit during the Company's fourth year in existence. I would like to thank all the shareholders who have entrusted us with their capital.

The WAM Microcap investment portfolio increased a record 53.2% during the 12-month period to 30 June 2021, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 20.0%. This outperformance was achieved with an average cash weighting of 12.3%. The return on the equity portion of the portfolio was 60.5% and the return on the cash portion of the portfolio was 1.1% for the year. Since inception in June 2017, the WAM Microcap investment portfolio has increased 24.1% per annum, outperforming the Index by 12.1% per annum. During the period, the WAM Microcap investment team invested in 215 individual companies and at 30 June 2021, held investments in 88 companies.

The Board of Directors have declared a fully franked full year dividend of 12.0 cents per share including a fully franked final dividend of 4.0 cents per share. Due to the strong performance of the investment portfolio since inception, the Board was able to declare a total annual fully franked dividend of 12.0 cents per share, including a fully franked special dividend of 4.0 cents per share. Since inception, WAM Microcap has paid 25.75 cents per share in fully franked dividends to shareholders. As at 31 July 2021, the Company's profits reserve was 48.6 cents per share, before the payment of the fully franked final dividend of 4.0 cents per share and fully franked special dividend of 4.0 cents per share. The investment portfolio outperformance and the share price moving from a discount to net tangible assets (NTA) to a premium to NTA resulted in a record 58.7% total shareholder return for shareholders during the 12-month period to 30 June 2021.

In the year to 30 June 2021, the Company achieved a record operating profit before tax of \$107.0 million (FY2020: \$14.8 million) and an operating profit after tax of \$76.1 million (FY2020: \$11.3 million). The operating profit of the Company is impacted by the change in the dollar value of the portfolio in each operating period.

As a fellow WAM Microcap shareholder, I would like to thank Lead Portfolio Manager Oscar Oberg, Portfolio Manager Tobias Yao, Senior Equity Analyst Shaun Weick, Equity Analyst Sam Koch, Senior Equities Dealer Cooper Rogers, Equities Dealer Will Thompson, and the broader Wilson Asset Management investment team, for their diligence, rigour and commitment. The team has again delivered strong, risk-adjusted returns for shareholders.

**12.0 cents  
per share**

**FY2021 fully franked  
total full year dividend  
including a 4.0 cps  
special dividend**

**+58.7%**

**record total shareholder  
return in FY2021**

**+53.2%**

**record investment  
portfolio performance in  
FY2021**

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## Company performance

Over four decades of investing, I have found three key measures crucial to the evaluation of a listed investment company's (LIC) performance: investment portfolio performance, net tangible asset growth and total shareholder return.

### 1) Investment portfolio performance

Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Microcap is to outperform the S&P/ASX Small Ordinaries Accumulation Index by growing the investment portfolio at a greater rate, which is called outperformance. The S&P/ASX Small Ordinaries Accumulation Index is also measured before expenses, fees and taxes.

FY2021  
investment  
portfolio  
performance

+53.2%

Performance at 30 June 2021	1 yr	3 yrs %pa	Since inception % pa (Jun-17)
WAM Microcap Investment Portfolio	53.2%	22.5%	24.1%
S&P/ASX Small Ordinaries Accumulation Index	33.2%	8.6%	12.0%
<b>Outperformance</b>	<b>+20.0%</b>	<b>+13.9%</b>	<b>+12.1%</b>

Investment portfolio performance and Index returns are before expenses, fees and taxes to compare to the relevant index which is also before expenses, fees and taxes.

### 2) Net tangible asset (NTA) growth

NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees). The NTA represents the realisable value of the Company and is provided to shareholders and announced to the ASX each month.

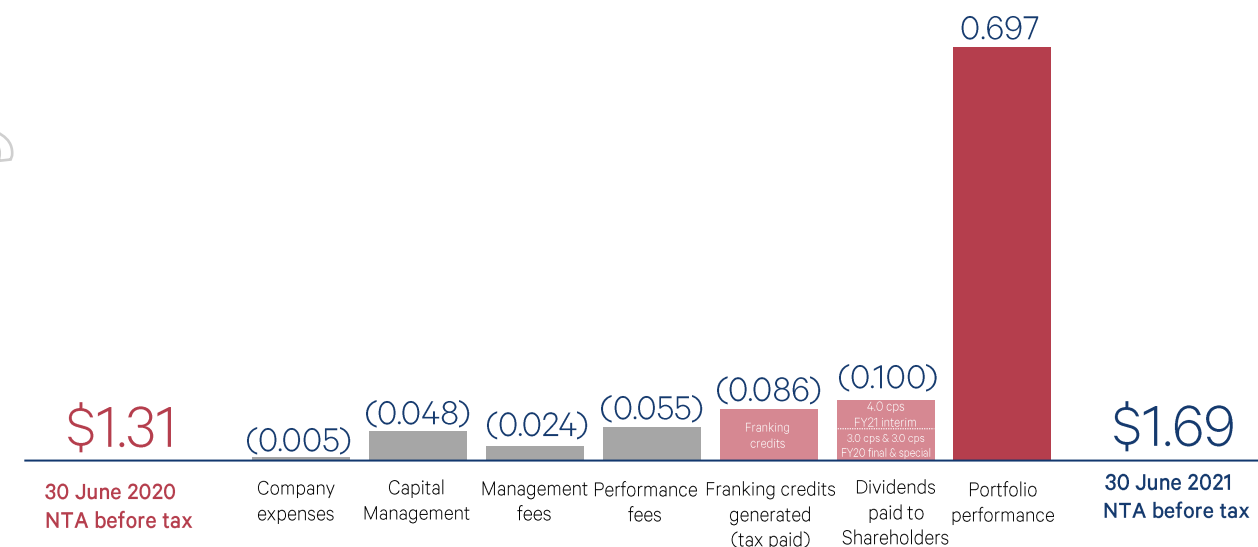
FY2021 NTA  
growth

+37.5%

WAM Microcap's pre-tax NTA increased 37.5% in the 12 months to 30 June 2021, including the 10.0 cents per share of fully franked dividends paid to shareholders during the year. This increase is after the 8.6 cents per share of corporate tax paid during the year. The 6.5% in corporate tax payments made throughout the period, the performance fee payable of 4.2% and the effect of capital management of 3.6% were the major items of difference between the investment portfolio performance of 53.2% and the NTA performance of 37.5%. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the year were management fees of 1.0% and other company related expenses of 0.4%.

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## WAM Microcap pre-tax NTA performance



### 3) Total shareholder return (TSR)

TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period, before the value of any franking credits distributed to shareholders through fully franked dividends.

FY2021 TSR  
**+58.7%**

This measure shows the tangible return to shareholders, being the change in the share price together with dividends paid, assuming their reinvestment. The investment portfolio outperformance and the share price moving from a discount to NTA to a premium to NTA resulted in a record 58.7% total shareholder return for shareholders during the 12-month period to 30 June 2021. As at 30 June 2021, the share price premium to NTA was 7.8% (30 June 2020: discount of 7.1%).

### Dividends

The Board declared a fully franked final dividend of 4.0 cents per share, bringing the fully franked full year dividend to 8.0 cents per share. The Board also declared an additional fully franked special dividend of 4.0 cents per share, making a fully franked full year dividend payment of 12.0 cents per share. Since inception, the Company has paid 25.75 cents per share in fully franked dividends to shareholders.

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. As at 31 July 2021, the Company had 48.6 cents per share available in the profits reserve, before the payment of the fully franked final dividend of 4.0 cents per share and fully franked special dividend of 4.0 cents per share. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax on profits and the quantum of fully franked dividends received from investee companies. The dividend reinvestment plan is available to shareholders at a 2.5% discount for the final and special dividends.

## Capital management

In August 2020, WAM Microcap completed an oversubscribed Share Purchase Plan (SPP) and Placement following overwhelming demand from shareholders, raising a combined \$88.0 million. The TSR was 40.9% for shares purchased in the SPP and Placement for the year to 30 June 2021, based on the SPP and Placement price of \$1.379 per share.

The additional capital was invested in accordance with the Company's disciplined and proven investment process, and provided additional access and exposure to market opportunities, such as capital raisings and pre-initial public offering investments.

The Board is committed to effectively and efficiently growing the Company to the benefit of all shareholders. When the Company's size increases, on market liquidity for the shares is expected to increase, as well as the Company's relevance in the market, improving the prospect of broker and research coverage and interest from financial planners. The increased size of the Company is also expected to reduce the fixed expense ratio to the benefit of all shareholders.

We encourage you to visit our website, subscribe to receive our updates and to call or email us with any questions or suggestions you have regarding WAM Microcap or Wilson Asset Management. Please contact myself or our Head of Corporate Affairs, James McNamara, on (02) 9247 6755 or email us at [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au). We hope to meet with you again as soon as it is safe to do so.

Thank you for your continued support and keep safe.



**Geoff Wilson AO**  
Chairman

# Lead Portfolio Manager update

Oscar Oberg



## Dear Fellow Shareholders,

Equity markets continued their upward trajectory during the 2021 financial year alongside a rebound in economic growth.

Investors oscillated between lockdown beneficiaries and the reopening trade during the financial year, and Australian micro-cap companies experienced the rare challenges and historic opportunities of a setting characterised by crisis and recovery. We adjusted the portfolio to take advantage of these conditions, rotating towards cyclical names benefitting from strong levels of consumer sentiment including in tourism, traditional media, financials, and construction. We were highly active during the period, investing in 215 individual companies and the portfolio turning over 1.9 times. At 30 June 2021, we held investments in 88 companies.

We were pleased to deliver a record investment portfolio performance during the year of 53.2%, outperforming the S&P/ASX Small Ordinaries Accumulation Index by 20.0%, achieved by the sound stock selection from the investment team. During the year, we saw significant opportunities in micro-cap companies and successfully invested the \$88.0 million of additional capital raised via the August 2020 Share Purchase Plan and Placement. The capital raised provided additional access and exposure to market opportunities, such as capital raisings and pre-initial public offering investments. As we enter FY2022, we have positioned the portfolio into companies that can generate strong top line organic growth irrespective of the outlook for the coronavirus pandemic. We are positive on medium-term economic growth and earnings, despite the headwinds of new variants, supported by encouraging signals such as a sharp rise in Australian vaccination rates. We remain committed to our proven investment process of identifying undervalued micro-cap growth companies with a catalyst.

Thank you for your support.

A handwritten signature in black ink, appearing to read 'Oscar Oberg', written over a light grey background.

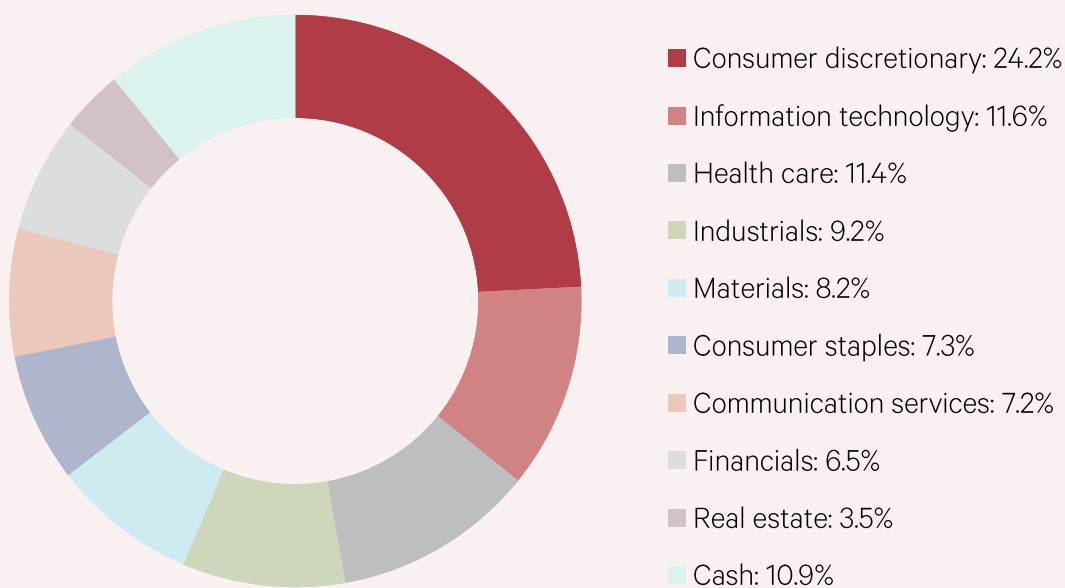
Oscar Oberg CFA  
Lead Portfolio Manager

## WAM Microcap top 20 holdings

as at 30 June 2021

Code	Company	Portfolio
SLA	SILK Laser Australia Limited	2.9%
AVG	Australian Vintage Limited	2.8%
DSK	Dusk Group Limited	2.4%
VGL	Vista Group International Limited	2.4%
SWM	Seven West Media Limited	2.2%
EGG	Enero Group Limited	2.1%
REG	Regis Healthcare Limited	2.1%
AMS	Atomos Limited	2.0%
CAJ	Capitol Health Limited	1.8%
VRT	Virtus Health Limited	1.8%
WGN	Wagners Holding Company Limited	1.8%
BFC	Beston Global Food Company Limited	1.8%
PPE	People Infrastructure Limited	1.7%
ALG	Ardent Leisure Group Limited	1.6%
CHN	Chalice Mining Limited	1.6%
SRG	SRG Global Limited	1.6%
UNI	Universal Store Holdings Limited	1.6%
TRS	The Reject Shop Limited	1.6%
AHX	Apiam Animal Health Limited	1.5%
TUA	Tuas Limited	1.5%

### Portfolio by sector



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# Investment Manager update

Wilson Asset Management Chief Executive Officer  
and WAM Microcap Director Kate Thorley



## Dear Fellow Shareholders,

As the Chief Executive Officer of Wilson Asset Management, I want to thank our fellow shareholders for their support and loyalty throughout the financial year. WAM Microcap (ASX: WMI) is your company and I am pleased to share some exciting updates and insights from the year with you.

I extend my sincere thanks to Lead Portfolio Manager Oscar Oberg, Portfolio Manager Tobias Yao, Senior Equity Analyst Shaun Weick, Equity Analyst Sam Koch, Senior Equities Dealer Cooper Rogers and Equities Dealer Will Thompson, who contribute immensely to our team and culture. We are fortunate to have them in the Wilson Asset Management Family.

Wilson Asset Management prides itself on being a dedicated, high-performing business, committed to best serving our shareholders. During the year, we promoted several team members in recognition of the exceptional quality of their work, including: Nick Healy to Portfolio Manager; Shaun Weick to Senior Equity Analyst; Cooper Rogers to Senior Equities Dealer; Ophelia Lam to Finance Manager; Huseyin Dervish and Lillie Johnson to Finance Team Leaders; Andrew Finch to Senior Investment Operations Administrator; and Isabel Mills to Assistant Financial Accountant.

Our team continues to grow and we were pleased to welcome several new additions to the Wilson Asset Management Family, including in our Investment, Corporate Affairs, Finance and Operations teams.

## 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 an investment manager, Wilson Asset Management invests over \$5 billion on behalf of more than 110,000 retail investors.

Wilson Asset Management is proud to be the Investment Manager for WAM Microcap, together with seven other LICs: WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA).

We are passionate about making a positive difference to our shareholders and the community. In the 2021 financial year, the team made a difference through philanthropy, advocacy, and shareholder engagement.



## Philanthropy

Wilson Asset Management created and is the lead supporter of Australia's first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Since listing in 2014 and 2015, the companies have supported young Australians who are at-risk or experiencing mental ill-health.

Wilson Asset Management 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.

We are honoured to provide support to Olympic athletes, through managing over \$9 million for the Australian Olympic Committee (AOC) on a pro bono basis. The AOC provides crucial financial and institutional support to Australian athletes to compete at an Olympic level. All fees are foregone by the Investment Manager.

Wilson Asset Management is proud to be a founding donor of the Indigenous Residential College being built by the University of Technology Sydney (UTS). The first of its kind in Australia, the college is a product of deep and continuing consultation with local and national communities. Importantly the college is Indigenous designed and led, creating a culturally embedded and collaborative space which will support Indigenous students to become the next generation of global change makers, policy makers and community leaders.

The team at Wilson Asset Management is proud to have supported the film *In My Blood It Runs*, which depicts 10-year-old Djujan Hoosan's struggles with identity, education and the youth justice system in the Northern Territory. As a result of this important film, Djujan became the youngest person to ever address the United Nations Human Rights Council calling for the need to raise the age of criminal responsibility in Australia and to highlight the critical need for Aboriginal-led education models.

## Advocacy

Our advocacy work on behalf of retail investors in the Australian equity market is an utmost priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market. On 11 December 2020, we lodged a submission to the Senate Select Committee, in an effort to stop retail investors being locked out of discounted capital raisings, which are only open to wholesale investors.

We also participated in the public debate and formal consultation about permanently removing the requirement for annual general meetings (AGM) to be conducted in person. We are firmly opposed to this change as it would undermine AGM transparency and board accountability, primarily impacting retail shareholders. I would like to thank all shareholders for their support in advocating for retail shareholders' rights and for your emails, letters and phone calls sharing your personal stories. We were pleased to see Federal Treasurer Josh Frydenberg endorse our preferred hybrid model for AGMs, ensuring the requirement for AGMs to be conducted in person and virtually. We look forward to holding our AGMs in person when it is safe to do so.

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We supported the University of New South Wales' School of Mathematics and Statistics' *Girls Do The Maths* program, which aims to inspire girls in high school to consider tertiary studies and careers in mathematics and statistics. We believe in the importance of gender diversity in the financial services industry, in particular funds management, which provide rewarding career paths.

## Shareholder engagement and communication

Shareholders are the owners of WAM Microcap; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. This year, we were once again unable to take to the road and meet with our shareholders across the country and we have missed catching up with you all, over a cup of tea, at our Shareholder Presentations. We have enjoyed our daily email and telephone correspondence, regular Investor Q&A webinars and providing you with a virtual alternative in WAM Vault. Our third instalment, *The Return of Fundamentals*, was released on 8 June 2021. If you have not yet done so, we encourage you to visit [wilsonassetmanagement.com.au/vault](https://wilsonassetmanagement.com.au/vault) to watch, read and listen to the engaging and insightful conversations.

We encourage all shareholders to engage with us in a way that best suits them, with a variety of options available to keep informed on our investment insights and updates. Our approach includes:

- ✓ Updates from our Lead Portfolio Managers
- ✓ Investment team insights at WAM Vault: [wilsonassetmanagement.com.au/vault](https://wilsonassetmanagement.com.au/vault)
- ✓ Roundtables with our shareholders and planners, advisers and their clients
- ✓ NTA reports and investment updates
- ✓ Shareholder Q&A calls and webinars
- ✓ Social media engagement
- ✓ Investor education material
- ✓ Presentations and lunches across Australia
- ✓ Annual and interim results announcements

As always, please reach out to us by phone on (02) 9247 6755 or by email at [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au) if you ever have any questions or feedback.

Thank you for your continued support.



**Kate Thorley**  
Chief Executive Officer

## Objectives and investment process

### Investment objectives

The investment objectives of WAM Microcap are to:

- deliver investors a stream of fully franked dividends;
- provide capital growth over the medium-to-long term; and
- preserve capital of the Company.

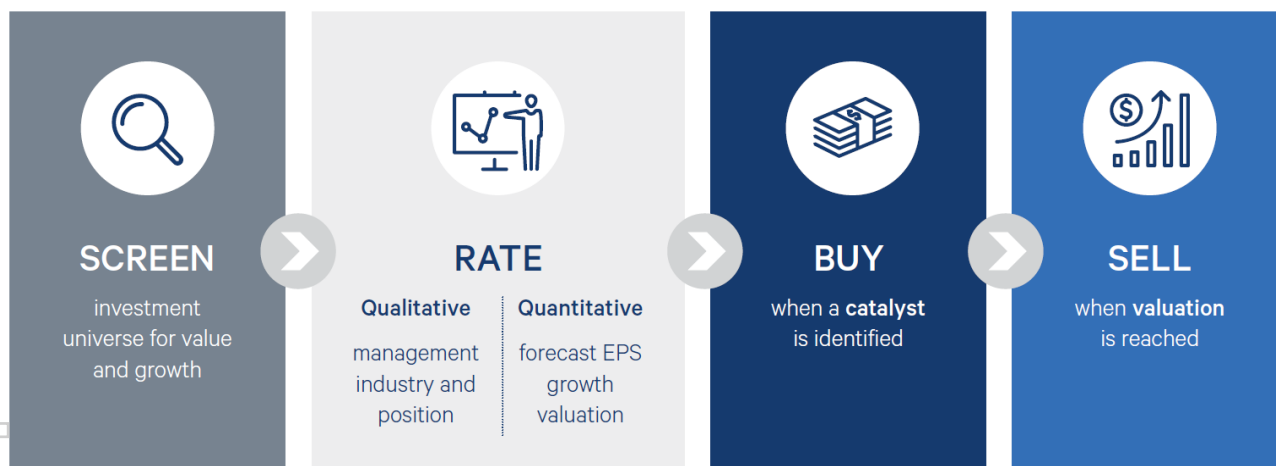
### Investment process – the most exciting undervalued growth companies in the Australian micro-cap market

WAM Microcap provides investors with access to Wilson Asset Management's two distinctive processes:

- a research-driven process focused on identifying undervalued growth companies; and
- a market-driven process that takes advantage of mispricing opportunities.

#### Research-driven investing

This investment process involves diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this process, our investment team will only ever invest in a security once we can identify a catalyst or event that we expect will change the market's valuation of the company.



#### Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. This part of the investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spin-offs and restructures), arbitrage opportunities, LIC discount arbitrages, short-selling and trading market themes and trends.

## Directors' Report to shareholders for the year ended 30 June 2021

The Directors present their report together with the financial report of WAM Microcap for the financial year ended 30 June 2021.

### Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth in the medium-to-long term and preserve capital. No change in this activity took place during the year or is likely to in the future.

### Operating and financial review

Investment operations over the year resulted in an operating profit before tax of \$107,013,769 (2020: \$14,830,715) and an operating profit after tax of \$76,098,601 (2020: \$11,327,784). The operating profit for the year is reflective of the strong investment portfolio performance over the period. The investment portfolio outperformed the S&P/ASX Small Ordinaries Accumulation Index by 20.0%, while being on average 87.7% invested in equities, increasing 53.2% during the 12-month period while the Index rose 33.2%. Since inception, the investment portfolio has increased 24.1% per annum, outperforming the Index by 12.1% per annum.

The operating profit for the year includes unrealised gains or losses arising from changes in the fair value of the investments held in the portfolio during the year. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

### Financial position

The net asset value of the Company as at 30 June 2021 was \$327,634,251 (2020: \$181,434,534). Further information on the financial position of the Company is contained in the Chairman's Letter.

### Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2021.

## Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2020 final dividend of 3.0 cents per share paid on 23 October 2020	6,170,651
Fully franked FY2020 special dividend of 3.0 cents per share paid on 23 October 2020	6,170,651
Fully franked FY2021 interim dividend of 4.0 cents per share paid on 20 April 2021	8,267,900

Since the end of the year, the Directors declared a fully franked final dividend of 4.0 cents per share. Due to the strong performance of the investment portfolio since inception, the Board also declared an additional fully franked special dividend of 4.0 cents per share to be paid to shareholders. The fully franked final and special dividends are due to be paid on 22 October 2021.

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 dependent upon the receipt of franked dividends from investments and the payment of tax on profits.

## Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Jacqueline Sullivan
- Kate Thorley
- Adrian Siew (appointed 27 November 2020)

## Information on Directors

### Geoff Wilson AO (Chairman – non-independent)

#### Experience and expertise

Geoff Wilson has over 41 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff has been Chairman of the Company since March 2017.

## **Geoff Wilson AO (Chairman – non-independent) (cont'd)**

### **Other current directorships**

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Leaders Limited (appointed March 2016), WAM Global Limited (appointed February 2018), WAM Strategic Value Limited (appointed March 2021) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and Future Generation Global Investment Company Limited (appointed May 2015) and a Director of WAM Alternative Assets Limited (appointed September 2020), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Concentrated Leaders Fund Pty Limited (appointed March 2021), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

### **Former directorships in the last 3 years**

Geoff Wilson resigned as a director of 8IP Emerging Companies Limited in September 2020 and Australian Leaders Foundation in March 2021.

### **Special responsibilities**

Chairman of the Board.

### **Interests in shares of the Company**

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

### **Interests in contracts**

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

## **Jacqueline Sullivan (Director – independent)**

### **Experience and expertise**

Jacqueline has over 32 years' funds management experience gained in a number of senior executive roles across the Australian and global AMP Capital businesses. In that time, Jacqueline led global distribution of AMP Capital with a focus on expansion into Asia, North America and Europe. As Head of Product, Jacqueline led the development of range of multi-manager products, listed funds, real assets and hedge funds. Jacqueline holds a Bachelor of Science, MBA, Graduate Diploma of Applied Finance and Investment and is a Graduate member of the AICD (GAICD).

Jacqueline has been a Director of the Company since May 2017.

### **Other current directorships**

Jacqueline Sullivan has no other directorships.

### **Former directorships in the last 3 years**

Jacqueline Sullivan has not resigned as a Director from any other listed companies within the last three years.



**Jacqueline Sullivan (Director – independent) (cont'd)**

**Special responsibilities**

None.

**Interests in shares of the Company**

Jacqueline Sullivan has no interest in shares of the Company.

**Interests in contracts**

Jacqueline Sullivan has no interests in contracts of the Company.

**Kate Thorley (Director – non-independent)**

**Experience and expertise**

Kate Thorley has over 16 years' experience in the funds management industry and more than 22 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Global Limited and WAM Strategic Value Limited. Kate is a Director and Acting CEO of Future Generation Investment Company Limited and Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate

Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a Graduate member of the AICD (GAICD).

Kate has been a Director of the Company since March 2017.

**Other current directorships**

Kate Thorley is a Director of WAM Active Limited (appointed July 2014), WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015), WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed August 2016), WAM Global Limited (appointed February 2018), Future Generation Global Investment Company Limited (appointed March 2021) and WAM Strategic Value Limited (appointed March 2021).

**Former directorships in the last 3 years**

Kate Thorley has not resigned as a Director from any other listed companies within the last three years.

**Special responsibilities**

None.

**Interests in shares of the Company**

Details of Kate Thorley's interests in shares of the Company are included later in this report.

**Interests in contracts**

Kate Thorley has no interests in contracts of the Company.

### **Adrian Siew (Director – non-independent)**

#### **Experience and expertise**

Adrian has over 25 years' experience in the financial industry. He started his career with Goldman Sachs European investment banking team in London before moving to Hong Kong and Singapore as part of their mergers and acquisitions and corporate finance advisory teams. He later spent 11 years with The Carlyle Group as a Director of their private equity buyout investment team in Sydney and Singapore. Adrian was the Lead Portfolio Manager responsible for the alternative asset strategy of Wilson Asset Management (International) Pty Limited, and is now a board director and investment committee member of WAM Alternative Assets Limited. He is also an advisor to the Wilson Family Office. Adrian graduated from London School of Economics with a First Class Honours in BSc (Economics) Accounting and Finance.

Adrian has been a Director of the Company since November 2020.

#### **Other current directorships**

Adrian is a Director of WAM Alternative Assets Limited (appointed since September 2020), and a member of the Sydney Stock Exchange Admissions Committee.

#### **Former directorships in the last 3 years**

Adrian Siew has not resigned as a Director from any other listed companies within the last three years.

#### **Special responsibilities**

None.

#### **Interests in shares of the Company**

Adrian Siew has no interest in shares of the Company.

#### **Interests in contracts**

Adrian Siew has no interests in contracts of the Company.

### **Joint Company Secretaries**

The following persons held the position of Joint Company Secretary at the end of the financial year:

#### **Jesse Hamilton**

Jesse is a Chartered Accountant with more than 13 years' experience working in advisory and assurance services, specialising in funds management. As the Chief Financial Officer, Jesse oversees all finance and accounting of Wilson Asset Management (International) Pty Limited. He is Company Secretary for WAM Alternative Assets Limited and WAM Strategic Value Limited, and Joint Company Secretary for WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited, in addition to Future Generation Australia and Future Generation Global. Prior to joining Wilson Asset Management, Jesse worked as Chief Financial Officer of an ASX listed company and also worked as an advisor specialising in assurance services, valuations, mergers and acquisitions, financial due diligence and capital raising activities for listed investment companies.

Jesse was appointed Company Secretary of WAM Microcap in November 2020.



**Linda Kiriczenko**

Linda Kiriczenko has over 17 years' experience in financial accounting including more than 13 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also the Company Secretary for six listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited and WAM Global Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda was appointed Company Secretary of WAM Microcap in March 2017.

**Remuneration Report (Audited)**

This report details the nature and amount of remuneration for each Director of WAM Microcap.

**a) Remuneration of Directors**

All Directors of WAM Microcap are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$80,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2021:

Director	Position	Short-term employee benefits	Post-employment benefits	Total
		Directors' Fees	Superannuation	
		\$	\$	\$
Geoff Wilson	Chairman	9,132	868	10,000
Jacqueline Sullivan	Director	22,831	2,169	25,000
Kate Thorley	Director	9,132	868	10,000
Adrian Siew (appointed 27 November 2020)	Director	13,605	1,292	14,897
		<b>54,700</b>	<b>5,197</b>	<b>59,897</b>

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals' benefits for FY2021 and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

**Remuneration Report (Audited) (cont'd)****a) Remuneration of Directors (cont'd)**

Directors' remuneration received for the year ended 30 June 2020:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,132	868	10,000
Jacqueline Sullivan	Director	22,831	2,169	25,000
Kate Thorley	Director	9,132	868	10,000
Chris Stott (resigned 26 July 2019)	Director	649	61	710
		<b>41,744</b>	<b>3,966</b>	<b>45,710</b>

The following table reflects the Company's performance and Directors' remuneration since inception:

	2021	2020	2019	2018
Operating profit after tax (\$)	\$76,098,601	\$11,327,784	\$7,026,565	\$30,682,054
Dividends (cents per share)	12.0	9.0	6.75	6.0
Share price (\$ per share)	\$1.825	\$1.22	\$1.215	\$1.425
NTA after tax (\$ per share)	\$1.58	\$1.28	\$1.27	\$1.28
Total Directors' remuneration (\$)	\$59,897	\$45,710	\$55,000	\$55,542
Shareholder's equity (\$)	\$327,634,251	\$181,434,534	\$179,442,248	\$180,263,689

**b) Director related entities remuneration**

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited (the Investment Manager or the Manager), part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Microcap. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$3,597,445 inclusive of GST (2020: \$2,131,351). As at 30 June 2021, the balance payable to the Manager was \$329,628 inclusive of GST (2020: \$174,929).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX Small Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX Small Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

**Remuneration Report (Audited) (cont'd)****b) Director related entities remuneration (cont'd)**

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2021, a performance fee of \$8,416,931 inclusive of GST was payable to the Manager (2020: \$4,354,448).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Microcap to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2021, the fee for accounting services amounted to \$46,200 inclusive of GST (2020: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2020: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

These amounts are in addition to the above Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

**c) Remuneration of executives**

There are no executives that are paid by the Company. MAM Pty Limited, the Investment Manager of the Company, provides the day-to-day management of the Company and is remunerated as outlined above.

**d) Equity instruments disclosures of Directors and related parties**

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions	Disposals	Balance at 30 June 2021
Geoff Wilson	1,040,001	21,754	-	1,061,755
Jacqueline Sullivan	-	-	-	-
Kate Thorley	235,583	9,003	-	244,586
Adrian Siew	-	-	-	-
	<b>1,275,584</b>	<b>30,757</b>	<b>-</b>	<b>1,306,341</b>

There have been no changes in shareholdings disclosed above between 30 June 2021 and the date of the report.

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report -

## Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	5	5
Jacqueline Sullivan	5	5
Kate Thorley	5	5
Adrian Siew (appointed 27 November 2020)	2	2

## Audit and Risk Committee

The Company has not established an Audit and Risk Committee due to the Company's size, Board composition and the nature of the Company's operations. As such, the Company's Board of Directors fulfil the role of the Audit and Risk Committee.

## After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 4.0 cents per share, together with a fully franked special dividend of 4.0 cents per share. The fully franked final and special dividends are due to be paid on 22 October 2021.

No matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

## Environmental regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

## Indemnification and insurance of officers or Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

### Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

### Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

### Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

### Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2021 is provided on the Company's website at [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au).

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 25 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



**Geoff Wilson AO**  
**Chairman**

Dated this 23<sup>rd</sup> day of August 2021

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**Auditor's Independence Declaration  
To the Directors of WAM Microcap Limited  
ABN 34 617 838 418**

In relation to the independent audit of WAM Microcap Limited for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act* 2001; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



**S M Whiddett**  
Partner

**Pitcher Partners**  
Sydney

23 August 2021

## Statement of comprehensive income for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Net realised and unrealised gains on financial investments		114,418,935	17,664,147
Other revenue from operating activities	2	5,023,327	4,210,070
Management fees		(3,352,164)	(1,986,032)
Performance fees		(7,843,049)	(4,057,554)
Directors fees		(59,897)	(45,710)
Brokerage expense on share purchases		(676,959)	(484,566)
Expenses paid on borrowed stock		(3,244)	(42,877)
Custody fees		(18,881)	(16,391)
ASX listing and CHESS fees		(106,378)	(87,027)
Share registry fees		(96,000)	(66,677)
Disbursements, mailing and printing		(41,171)	(53,494)
ASIC industry funding levy		(13,343)	(11,764)
Other expenses from ordinary activities		(217,407)	(191,410)
<b>Profit before income tax</b>		<b>107,013,769</b>	<b>14,830,715</b>
Income tax expense	3(a)	(30,915,168)	(3,502,931)
<b>Profit after income tax attributable to members of the Company</b>		<b>76,098,601</b>	<b>11,327,784</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>76,098,601</b>	<b>11,327,784</b>
<b>Basic and diluted earnings per share</b>	14	<b>38.89 cents</b>	<b>8.01 cents</b>

The accompanying notes form part of these financial statements.

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## Statement of financial position as at 30 June 2021

	Note	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	12	43,814,085	37,577,199
Trade and other receivables	6	6,577,028	533,122
Financial assets	7	320,852,402	158,359,635
<b>Total current assets</b>		<b>371,243,515</b>	<b>196,469,956</b>
<b>Non-current assets</b>			
Deferred tax assets	3(b)	43,282	165,646
<b>Total non-current assets</b>		<b>43,282</b>	<b>165,646</b>
<b>Total assets</b>		<b>371,286,797</b>	<b>196,635,602</b>
<b>Current liabilities</b>			
Trade and other payables	8	19,814,478	9,941,812
Current tax liabilities	3(c)	8,956,363	1,092,234
<b>Total current liabilities</b>		<b>28,770,841</b>	<b>11,034,046</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3(d)	14,881,705	4,167,022
<b>Total non-current liabilities</b>		<b>14,881,705</b>	<b>4,167,022</b>
<b>Total liabilities</b>		<b>43,652,546</b>	<b>15,201,068</b>
<b>Net assets</b>		<b>327,634,251</b>	<b>181,434,534</b>
<b>Equity</b>			
Issued capital	9	245,258,258	154,547,940
Profits reserve	10	96,162,471	40,673,072
Accumulated losses	11	(13,786,478)	(13,786,478)
<b>Total equity</b>		<b>327,634,251</b>	<b>181,434,534</b>

The accompanying notes form part of these financial statements.

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## Statement of changes in equity for the year ended 30 June 2021

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 1 July 2019</b>		<b>153,301,625</b>	<b>(501,104)</b>	<b>26,641,727</b>	<b>179,442,248</b>
Profit for the year		-	11,327,784	-	11,327,784
Transfer to profits reserve		-	(24,613,158)	24,613,158	-
Other comprehensive income for the period		-	-	-	-
<b>Transactions with owners:</b>					
Shares issued via dividend reinvestment plan	9(b)	1,246,315	-	-	1,246,315
Dividends paid	4(a)	-	-	(10,581,813)	(10,581,813)
<b>Balance at 30 June 2020</b>		<b>154,547,940</b>	<b>(13,786,478)</b>	<b>40,673,072</b>	<b>181,434,534</b>
Profit for the year		-	76,098,601	-	76,098,601
Transfer to profits reserve		-	(76,098,601)	76,098,601	-
Other comprehensive income for the year		-	-	-	-
<b>Transaction with owners:</b>					
Shares issued via share purchase plan	9(b)	58,682,209	-	-	58,682,209
Shares issued via placement	9(b)	29,342,873	-	-	29,342,873
Shares issued via dividend reinvestment plan	9(b)	2,782,539	-	-	2,782,539
Share issue costs (net of tax)	9(b)	(97,303)	-	-	(97,303)
Dividends paid	4(a)	-	-	(20,609,202)	(20,609,202)
<b>Balance at 30 June 2021</b>		<b>245,258,258</b>	<b>(13,786,478)</b>	<b>96,162,471</b>	<b>327,634,251</b>

The accompanying notes form part of these financial statements.

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## Statement of cash flows for the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		587,254,529	419,606,512
Payments for purchase of investments		(635,235,062)	(395,985,592)
Dividends received		4,548,074	3,478,700
Interest received		222,190	453,337
Other investment income received		126,930	248,368
Management fee (GST inclusive)		(3,442,745)	(2,128,824)
Performance fee (GST inclusive)		(4,354,448)	(1,766,767)
Brokerage expense on share purchases (GST inclusive)		(722,637)	(518,694)
Payments for administration expenses (GST inclusive)		(619,117)	(543,643)
Income tax paid		(12,172,291)	(5,126,152)
GST on brokerage expense on share sales		(50,781)	(34,137)
Net GST received from ATO		622,829	335,976
<b>Net cash (used in)/provided by operating activities</b>	<b>13</b>	<b>(63,822,529)</b>	<b>18,019,084</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		88,025,082	-
Dividends paid – net of reinvestment		(17,826,663)	(9,335,498)
Share issue costs		(139,004)	-
<b>Net cash provided by/(used in) in financing activities</b>		<b>70,059,415</b>	<b>(9,335,498)</b>
<b>Net increase in cash and cash equivalents held</b>		<b>6,236,886</b>	<b>8,683,586</b>
Cash and cash equivalents at beginning of the year		37,577,199	28,893,613
<b>Cash and cash equivalents at the end of the year</b>	<b>12</b>	<b>43,814,085</b>	<b>37,577,199</b>
<b>Non-cash transactions:</b>			
Shares issued via dividend reinvestment plan		2,782,539	1,246,315

The accompanying notes form part of these financial statements.

# Notes to the financial statements for the year ended 30 June 2021

## 1. Significant accounting policies

### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

WAM Microcap is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 23 August 2021 by the Board of Directors.

WAM Microcap is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, with the exception of certain financial assets and liabilities, which have been measured at fair value. All amounts are presented in Australian dollars.

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Financial Statements have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

### a) Financial assets and financial liabilities

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in

## 1. Significant accounting policies (cont'd)

### a) Financial assets and financial liabilities (cont'd)

an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

#### Classification and subsequent measurement

The Company classifies its financial instruments into the following categories:

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

#### (ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

### b) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

## 1. Significant accounting policies (cont'd)

### b) Income tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within six months or less.

### d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

### e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Refer to Note 1(g) for further detail.

### f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost.

### g) Impairment of assets

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 30 June 2021, there are no expected credit losses recognised (2020: nil).

## 1. Significant accounting policies (cont'd)

### h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

### k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### l) Dividends

Dividends are recognised when declared during the financial year.

### m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2021. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

### n) New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Company.

**2. Other revenue**

	2021 \$	2020 \$
Australian sourced dividends	4,453,289	3,499,185
Interest	443,108	400,572
Underwriting fees	126,930	55,150
Foreign sourced dividends	-	133,451
Trust distributions	-	121,712
	<b>5,023,327</b>	<b>4,210,070</b>

**3. Income tax****a) Income tax expense**

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2021 \$	2020 \$
Prima facie tax on profit before income tax at 30% (2020: 30%)	32,104,131	4,449,215
Imputation credit gross up	529,018	387,350
Franking credit offset	(1,763,393)	(1,291,167)
Other non-assessable items*	45,412	(42,467)
	<b>30,915,168</b>	<b>3,502,931</b>
Effective tax rate	28.9%	23.6%

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year. The increase in the effective tax rate on the comparative year is reflective of the lower proportion of franked dividend income received compared to the profit before tax during the year.

\*Other non-assessable items primarily relate to timing differences on franked dividends receivable.

<b>Total income tax expense results in a:</b>	2021 \$	2020 \$
Current tax liability	20,036,420	4,897,116
Deferred tax liability	10,714,683	(1,551,580)
Deferred tax asset	164,065	157,395
	<b>30,915,168</b>	<b>3,502,931</b>



**3. Income tax (cont'd)****b) Deferred tax assets**

	2021 \$	2020 \$
Accruals	9,372	9,323
Capitalised share issue costs	33,910	156,323
	<b>43,282</b>	<b>165,646</b>
<b>Movement in deferred tax assets</b>		
Balance at the beginning of the year	165,646	323,041
Charged to the Statement of comprehensive income	(164,065)	(157,395)
Capitalised share issue costs	41,701	-
At reporting date	<b>43,282</b>	<b>165,646</b>

**c) Current tax liabilities**

	2021 \$	2020 \$
Balance at the beginning of the year	1,092,234	1,321,270
Current year income tax on operating profit	20,036,420	4,897,116
Income tax paid	(12,172,291)	(5,126,152)
At reporting date	<b>8,956,363</b>	<b>1,092,234</b>

**d) Deferred tax liabilities**

	2021 \$	2020 \$
Fair value adjustments	14,874,293	4,163,408
Income provisions	7,412	3,614
	<b>14,881,705</b>	<b>4,167,022</b>
<b>Movement in deferred tax liabilities</b>		
Balance at the beginning of the year	4,167,022	5,718,602
Charged/(credited) to the Statement of comprehensive income	10,714,683	(1,551,580)
At reporting date	<b>14,881,705</b>	<b>4,167,022</b>



## 4. Dividends

### a) Ordinary dividends paid during the year

	2021 \$	2020 \$
Final dividend FY2020: 3.0 cents per share fully franked at 30% tax rate, paid 23 October 2020 (Final dividend FY2019: 2.25 cents per share fully franked)	6,170,651	3,169,393
Special dividend FY2020: 3.0 cents per share fully franked at 30% tax rate, paid 23 October 2020 (Special dividend FY2019: 2.25 cents per share fully franked)	6,170,651	3,169,393
Interim dividend FY2021: 4.0 cents per share fully franked at 30% tax rate, paid 20 April 2021 (Interim dividend FY2020: 3.0 cents per share fully franked)	8,267,900	4,243,027
	<b>20,609,202</b>	<b>10,581,813</b>

### b) Dividends not recognised at year end

	2021 \$	2020 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 4.0 cents per share fully franked final dividend and a 4.0 cents per share fully franked special dividend (2020: 3.0 cents per share fully franked final dividend and 3.0 cents per share fully franked special dividend) which have not been recognised as a liability at the end of the financial year:	<b>16,579,828</b>	<b>8,511,349</b>

### c) Dividend franking account

	2021 \$	2020 \$
Balance of franking account at year end	10,680,692	5,577,524
Adjusted for franking credits arising from: - Estimated income tax payable	8,956,363	1,092,234
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(7,105,641)	(3,647,721)
	<b>12,531,414</b>	<b>3,022,037</b>

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax on profits.

The balance of the franking account does not include the tax to be paid on unrealised investment gains currently recognised as a deferred tax liability of \$14,874,293 (2020: \$4,163,408).

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**5. Auditor's remuneration**

	2021 \$	2020 \$
Remuneration of the auditor for:		
Auditing and reviewing the financial report	45,911	47,632
Other services provided by a related practice of the auditor:		
Taxation services	8,030	8,250
	<b>53,941</b>	<b>55,882</b>

The Company's Board of Directors oversees the relationship with the Company's external auditor. The Board reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

**6. Trade and other receivables**

	2021 \$	2020 \$
Outstanding settlements	5,841,084	-
GST receivable	667,312	355,360
Investment income receivable	68,632	177,762
	<b>6,577,028</b>	<b>533,122</b>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Investment income receivable relates to interest, dividend and trust distributions receivable at the end of the reporting period.

**7. Financial assets**

	2021 \$	2020 \$
Listed investments at fair value	299,020,587	157,675,329
Unlisted investments at fair value	21,831,815	684,306
	<b>320,852,402</b>	<b>158,359,635</b>

The fair values of individual investments held at the end of the reporting period are disclosed on page 55 of the Annual Report. The unlisted investments at the end of the financial year relate to initial public offerings which settle after 30 June 2021 and unlisted convertible notes.

**8. Trade and other payables**

	2021 \$	2020 \$
Outstanding settlements	10,981,958	5,282,837
Performance fee payable	8,416,931	4,354,448
Management fee payable	329,628	174,929
Sundry payables	85,961	129,598
	<b>19,814,478</b>	<b>9,941,812</b>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

**9. Issued capital****a) Paid-up capital**

	2021 \$	2020 \$
207,247,850 ordinary shares fully paid (2020: 141,855,810)	<b>245,258,258</b>	<b>154,547,940</b>

**b) Movement in issued capital**

	2021 \$	2020 \$
Balance at the beginning of the year	154,547,940	153,301,625
141,855,810 ordinary shares fully paid (2020: 140,861,776)		
42,554,176 ordinary shares issued on 31 August 2020 under a share purchase plan	58,682,209	-
21,278,371 ordinary shares issued on 31 August 2020 under a placement	29,342,873	-
1,009,150 ordinary shares issued on 23 October 2020 under a dividend reinvestment plan	1,611,753	-
550,343 ordinary shares issued on 20 April 2021 under a dividend reinvestment plan	1,170,786	-
Share issue costs (net of tax)	(97,303)	-
572,458 ordinary shares issued on 18 October 2019 under a dividend reinvestment plan	-	790,456
421,576 ordinary shares issued on 21 April 2020 under a dividend reinvestment plan	-	455,859
At reporting date	<b>245,258,258</b>	<b>154,547,940</b>

## 9. Issued capital (cont'd)

### b) Movement in issued capital (cont'd)

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, all substantive resolutions will be decided by a poll. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

### c) Capital Management

In August 2020, WAM Microcap completed an oversubscribed SPP and Placement following overwhelming demand from shareholders, raising a combined \$88.0 million. WAM Microcap's larger capital base increases the liquidity of the shares and its relevance in the market by improving the prospect of broker and research coverage, and increasing interest from financial planners, as well as providing additional access and exposure to market opportunities, such as capital raisings and pre-IPO investments. The additional capital has been successfully invested in accordance with the Company's disciplined and proven investment process.

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

## 10. Profits reserve

	2021 \$	2020 \$
Profits reserve	<b>96,162,471</b>	<b>40,673,072</b>

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2021 \$	2020 \$
<b>Movement in profits reserve</b>		
Balance at the beginning of the year	40,673,072	26,641,727
Transfer of profits during the year	76,098,601	24,613,158
Final and special dividends paid (refer to Note 4(a))	(12,341,302)	(6,338,786)
Interim dividend paid (refer to Note 4(a))	(8,267,900)	(4,243,027)
At reporting date	<b>96,162,471</b>	<b>40,673,072</b>

**11. Accumulated losses**

	2021 \$	2020 \$
Balance at the beginning of the year	(13,786,478)	(501,104)
Profit for the year attributable to members of the Company	76,098,601	11,327,784
Transfer to profits reserve	(76,098,601)	(24,613,158)
At reporting date	<b>(13,786,478)</b>	<b>(13,786,478)</b>

**12. Cash and cash equivalents**

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2021 \$	2020 \$
Cash at bank	43,814,085	25,029,490
Term deposits	-	12,547,709
	<b>43,814,085</b>	<b>37,577,199</b>

The weighted average interest rate for cash and term deposits as at 30 June 2021 is 0.25% (2020: 0.60%). There were no term deposits held at 30 June 2021. The term deposits held in the prior period had an average maturity of 52 days from the end of the period.

**13. Cash flow information**

	2021 \$	2020 \$
<b>Reconciliation of profit after tax to cash flow from operations:</b>		
Profit after income tax	76,098,601	11,327,784
Fair value gains and movements in financial assets	(162,634,730)	5,956,773
<b>Changes in assets and liabilities:</b>		
Increase in receivables	(202,822)	(214,249)
Decrease in deferred tax assets	164,065	157,395
Increase in payables	4,173,545	2,571,997
Increase/(decrease) in current tax liabilities	7,864,129	(229,036)
Increase/(decrease) in deferred tax liabilities	10,714,683	(1,551,580)
Net cash (used in)/provided by operating activities	<b>(63,822,529)</b>	<b>18,019,084</b>

**14. Earnings per share**

	2021 Cents per share	2020 Cents per share
Basic and diluted earnings per share	38.89	8.01
	2021 \$	2020 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	76,098,601	11,327,784
	2021 No.	2020 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	195,653,032	141,348,711

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

**15. Financial risk management**

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the year.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet twice weekly to monitor and manage the below risks as appropriate.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments of the Company which have been recognised in the Statement of financial position, is the carrying amount net of any expected credit losses.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

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**15. Financial risk management (cont'd)****a) Credit risk (cont'd)**

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. The Company also holds cash with its custodian that has a Standard and Poor's short-term rating of A-1 and long-term rating of A. The majority of all maturities for cash and term deposits are within three months, there were no term deposits held at 30 June 2021.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

**b) Liquidity risk**

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed respectively by the Manager and the Board. The Company's cash receipts depend upon the level of sales of securities, dividends and interest received, or other capital management initiatives that may be implemented by the Board from time to time.

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradable securities which, where liquidity is available, can be sold on market when and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2021	>1 month \$	<1 month \$	Total \$
<b>Liabilities</b>			
Trade and other payables	-	19,814,478	19,814,478
<b>Total</b>	<b>-</b>	<b>19,814,478</b>	<b>19,814,478</b>

30 June 2020	>1 month \$	<1 month \$	Total \$
<b>Liabilities</b>			
Trade and other payables	-	9,941,812	9,941,812
<b>Total</b>	<b>-</b>	<b>9,941,812</b>	<b>9,941,812</b>



**15. Financial risk management (cont'd)****c) Market risk**

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free, as the market price of these securities can fluctuate.

**(i) Interest rate risk**

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its cash and term deposits mature within two months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2021	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	0.25%	43,814,085	-	43,814,085
Trade and other receivables		-	6,577,028	6,577,028
Financial assets		-	320,852,402	320,852,402
<b>Total</b>		<b>43,814,085</b>	<b>327,429,430</b>	<b>371,243,515</b>
<b>Liabilities</b>				
Trade and other payables		-	19,814,478	19,814,478
<b>Total</b>		<b>-</b>	<b>19,814,478</b>	<b>19,814,478</b>
30 June 2020	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Cash and cash equivalents	0.60%	37,577,199	-	37,577,199
Trade and other receivables		-	533,122	533,122
Financial assets		-	158,359,635	158,359,635
<b>Total</b>		<b>37,577,199</b>	<b>158,892,757</b>	<b>196,469,956</b>
<b>Liabilities</b>				
Trade and other payables		-	9,941,812	9,941,812
<b>Total</b>		<b>-</b>	<b>9,941,812</b>	<b>9,941,812</b>

**15. Financial risk management (cont'd)****c) Market risk (cont'd)****(ii) Other price risk**

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

The Investment Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The risks and relative weightings of the individual securities and market sectors are reviewed daily in order to manage risk. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's industry sector weighting of gross assets as at 30 June 2021 is as below:

Industry sector	2021 %	2020 %
Consumer discretionary	24.2	30.2
Information technology	11.6	17.9
Health care	11.4	6.6
Industrials	9.2	10.1
Materials	8.2	3.0
Consumer staples	7.3	2.1
Communications services	7.2	6.9
Financials	6.5	4.4
Real estate	3.5	0.2
Utilities	-	1.4
<b>Total</b>	<b>89.1</b>	<b>82.8</b>

There were no securities representing over 5 per cent of the gross assets of the Company as at 30 June 2021 (2020: nil).

**15. Financial risk management (cont'd)****c) Market risk (cont'd)****(ii) Other price risk (cont'd)****Sensitivity analysis**

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to other price risk. This analysis demonstrates the effect on current year net assets after tax as a result of a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 89.1% (2020: 82.8%) of gross assets at year end. A 5.0% movement in the fair value of each of the investments within the investment portfolio would result in a 3.4% (2020: 3.0%) movement in the net assets after tax. This would result in the 30 June 2021 net asset backing after tax moving by 5.4 cents per share (2020: 3.9 cents per share).

**d) Financial instruments measured at fair value**

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

**Level 3:** Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs. Included in Level 2 are investments in initial public offerings and convertible notes which settle after 30 June 2021. The fair value of the convertible notes have been recognised using the effective interest rate method inherent in the instrument or by assessing the movement in observable inputs which have been traded on active markets. Investments in initial public offerings have been valued at cost.

During the period, there were two initial public offerings which were transferred from Level 2 to Level 1 following settlement (2020: an unsettled investment in an initial public offering was transferred from Level 2 to Level 1 following settlement).

30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	299,020,587	21,831,815	-	320,852,402
<b>Total</b>	<b>299,020,587</b>	<b>21,831,815</b>	<b>-</b>	<b>320,852,402</b>

**15. Financial risk management (cont'd)****d) Financial instruments measured at fair value (cont'd)**

30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	157,675,329	684,306	-	158,359,635
<b>Total</b>	<b>157,675,329</b>	<b>684,306</b>	<b>-</b>	<b>158,359,635</b>

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

**16. Investment transactions**

The total number of contract notes that were issued for transactions in securities during the financial year was 4,105 (2020: 4,678). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$1,513,443 (2020: \$1,021,604).

**17. Segment reporting**

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

**18. Capital commitments**

There were no capital commitments for the Company as at 30 June 2021 (2020: nil).

**19. Contingent liabilities**

There were no contingent liabilities for the Company as at 30 June 2021 (2020: nil).

**20. Key management personnel compensation**

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO                      Chairman
- Jacqueline Sullivan                  Director
- Kate Thorley                            Director
- Adrian Siew                             Director (appointed 27 November 2020)

**a) Remuneration**

There are no executives that are paid by the Company.

Information regarding individual Directors' remuneration is provided in the Remuneration Report of the Directors' Report on page 20 to 22, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

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**20. Key management personnel compensation (cont'd)****a) Remuneration (cont'd)**

	Short-term employee benefits	Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2021		54,700	5,197	<b>59,897</b>
Total Directors remuneration paid by the Company for the year ended 30 June 2020		41,744	3,966	<b>45,710</b>

**b) Share holdings**

The number of ordinary shares held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

Ordinary shares held Directors	Balance at 30 June 2020	Acquisitions	Disposals	Balance at 30 June 2021
Geoff Wilson	1,040,001	21,754	-	1,061,755
Jacqueline Sullivan	-	-	-	-
Kate Thorley	235,583	9,003	-	244,586
Adrian Siew (appointed 27 November 2020)	-	-	-	-
	<b>1,275,584</b>	<b>30,757</b>	-	<b>1,306,341</b>

At 30 June 2020, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2019	Acquisitions	Disposals	Balance at 30 June 2020
Geoff Wilson	1,000,001	40,000	-	1,040,001
Jacqueline Sullivan	-	-	-	-
Kate Thorley	222,093	13,490	-	235,583
	<b>1,222,094</b>	<b>53,490</b>	-	<b>1,275,584</b>

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

## 21. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited, part of the Wilson Asset Management Group. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Microcap. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$3,597,445 inclusive of GST (2020: \$2,131,351). As at 30 June 2021, the balance payable to the Manager was \$329,628 inclusive of GST (2020: \$174,929).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of:

- where the level of the S&P/ASX Small Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the S&P/ASX Small Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased over that period. For the year ended 30 June 2021, a performance fee of \$8,416,931 inclusive of GST was payable to the Manager (2020: \$4,354,448).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Microcap to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2021, the fee for accounting services amounted to \$46,200 inclusive of GST (2020: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2020: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

## 22. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 4.0 cents per share, together with a fully franked special dividend of 4.0 cents per share. The fully franked final and special dividends are due to be paid on 22 October 2021.

No other matter or circumstance has arisen since the end of the financial year, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Directors' Declaration

The Directors of WAM Microcap Limited declare that:

- 1) The financial statements as set out in pages 26 to 48 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 20 to 22, are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the financial position of the Company as at 30 June 2021 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, MAM Pty Limited declaring that:
  - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
  - b) the Company's financial statements and notes for the financial year comply with the Accounting Standards; and
  - c) the Company's financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



**Geoff Wilson AO**  
**Chairman**

Dated this 23<sup>rd</sup> day of August 2021



**Independent Auditor's Report  
To the Members of WAM Microcap Limited  
ABN 34 617 838 418**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of WAM Microcap Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of WAM Microcap Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<b>Existence and Valuation of Financial Assets</b>	
<b>Refer to Note 7: Financial Assets</b>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets and the completeness of the Company's financial liabilities as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "Level 1" (i.e. where the valuation is based on quoted prices in active markets) or "Level 2" (i.e. where key inputs to valuation are based on other observable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the investment management processes and controls;</li> <li>▪ Reviewing and evaluating the independent auditor's reports on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians;</li> <li>▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's reports relate to and obtaining bridging letters;</li> <li>▪ Obtaining confirmation of the investment holdings directly from the Custodian;</li> <li>▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent observable pricing sources and inputs;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

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Key audit matter	How our audit addressed the matter
<p><b>Accuracy and Existence of Management and Performance Fees</b></p>	
<p><b>Refer to Note 8: Trade and other payables and Note 21: Related party transactions</b></p>	
<p>We focused our audit effort on the accuracy and existence of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees;</li> <li>▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes;</li> <li>▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees;</li> <li>▪ Testing of key inputs including the value of the portfolio, the performance of the relevant comparable benchmark and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and</li> <li>▪ Assessing the adequacy of disclosures made in the financial statements.</li> </ul>

*Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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*Responsibilities of the Directors for the Financial Report*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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**Independent Auditor's Report  
To the Members of WAM Microcap Limited  
ABN 34 617 838 418**

*Auditor's Responsibilities for the Audit of the Financial Report (Continued)*

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 20 to 22 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report of WAM Microcap Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**S M Whiddett**  
Partner

23 August 2021



**Pitcher Partners**  
Sydney

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## Investments at fair value as at 30 June 2021

Company Name	Code	Fair Value \$	% of Gross Assets
<b>Consumer discretionary</b>			
Dusk Group Limited	DSK	8,734,300	2.4%
Atomos Limited	AMS	7,177,208	2.0%
Ardent Leisure Group Limited	ALG	5,967,761	1.6%
Universal Store Holdings Limited	UNI	5,803,342	1.6%
The Reject Shop Limited	TRS	5,709,484	1.6%
Michael Hill International Limited	MHJ	5,279,937	1.5%
Ainsworth Game Technology Limited	AGI	4,991,874	1.4%
Autosports Group Limited	ASG	4,544,878	1.3%
Evolve Education Group Limited	EVO	4,353,483	1.2%
Baby Bunting Group Limited	BBN	4,085,257	1.1%
BetMakers Technology Group Limited	BET	3,458,422	1.0%
Cluey Limited	CLU	3,394,172	0.9%
Experience Co Limited	EXP	3,100,007	0.9%
BlueBet Holdings Limited*	BBT	2,999,999	0.8%
Retail Food Group Limited	RFG	2,423,192	0.7%
Trajan Group Holdings Limited	TRJ	2,152,426	0.6%
Reckon Limited	RKN	2,112,915	0.6%
Cirrus Networks Holdings Limited	CNW	2,074,789	0.6%
Myer Holdings Limited	MYR	2,062,046	0.6%
Camplify Holdings Limited	CHL	1,528,667	0.4%
Openmarkets Group Limited*	n/a	1,539,600	0.4%
State Gas Limited	GAS	1,136,364	0.3%
Boss Energy Limited	BOE	990,000	0.3%
Mighty Kingdom Limited	MKL	798,000	0.2%
Macquarie Telecom Group Limited	MAQ	536,869	0.1%
RPM Automotive Group Limited	RPM	190,877	0.1%
		<b>87,145,869</b>	<b>24.2%</b>
<b>Information technology</b>			
Vista Group International Limited	VGL	8,521,454	2.4%
Keypath Education International Inc	KED	4,897,553	1.4%
Sovereign Cloud Holdings Limited	SOV	4,427,480	1.2%
Iris Energy Pty Limited*	n/a	3,709,600	1.0%
Infomedia Limited	IFM	3,699,708	1.0%
Praemium Limited	PPS	3,579,453	1.0%
Objective Corporation Limited	OCL	3,185,410	0.9%
East 33 Limited*	ETT	2,500,000	0.7%
Gentrack Group Limited	GTK	2,282,668	0.6%
Pentanet Limited	5GG	2,179,990	0.6%
CountPlus Limited	CUP	1,753,795	0.5%

Company Name	Code	Fair Value \$	% of Gross Assets
Aussie Broadband Limited	ABB	1,009,056	0.3%
		<b>41,746,167</b>	<b>11.6%</b>
<b>Health care</b>			
SILK Laser Australia Limited	SLA	10,299,928	2.9%
Regis Healthcare Limited	REG	7,425,883	2.1%
Capitol Health Limited	CAJ	6,536,592	1.8%
Virtus Health Limited	VRT	6,474,098	1.8%
Apiam Animal Health Limited	AHX	5,538,649	1.5%
Viva Leisure Limited	VVA	1,870,094	0.5%
Xpansiv CBL Holding Group Limited*	n/a	1,583,100	0.4%
Imricor Medical Systems, Inc	IMR	1,363,285	0.4%
		<b>41,091,629</b>	<b>11.4%</b>
<b>Industrials</b>			
People Infrastructure Limited	PPE	5,990,138	1.7%
SRG Global Limited	SRG	5,907,648	1.6%
DGL Group Limited	DGL	4,846,391	1.3%
Tourism Holdings Limited	THL NZX	4,667,230	1.3%
Peter Warren Automotive Holdings Limited	PWR	4,597,269	1.3%
Silk Logistics Holdings*	SLH	4,000,000	1.1%
iSelect Limited	ISU	1,939,844	0.5%
Apollo Tourism & Leisure Limited	ATL	1,319,665	0.4%
		<b>33,268,185</b>	<b>9.2%</b>
<b>Materials</b>			
Wagners Holding Company Limited	WGN	6,378,465	1.8%
Chalice Mining Limited	CHN	5,920,270	1.6%
Big River Industries Limited	BRI	4,909,331	1.4%
DDH1 Limited	DDH	4,664,716	1.3%
Pro-Pac Packaging Limited	PPG	3,854,341	1.1%
Ashley Services Group Limited	ASH	1,252,167	0.3%
Limepay Pty Limited*	n/a	1,041,520	0.3%
Superhero Holdings Pty Limited*	n/a	860,779	0.2%
Wide Open Agriculture Limited	WOA	724,823	0.2%
		<b>29,606,412</b>	<b>8.2%</b>
<b>Consumer staples</b>			
Australian Vintage Limited	AVG	10,079,447	2.8%
Beston Global Food Company Limited	BFC	6,348,068	1.8%
Ridley Corporation Limited	RIC	4,811,819	1.3%



Company Name	Code	Fair Value \$	% of Gross Assets
Lark Distilling Co. Limited	LRK	2,494,978	0.7%
MotorCycle Holdings Limited	MTO	870,198	0.3%
Synlait Milk Limited	SM1	827,500	0.2%
Alpha HPA Limited	A4N	808,856	0.2%
		<b>26,240,866</b>	<b>7.3%</b>

#### Communication services

Seven West Media Limited	SWM	7,889,161	2.2%
Enero Group Limited	EGG	7,610,446	2.1%
Tuas Limited	TUA	5,392,529	1.5%
Swoop Holdings Limited	SWP	3,101,255	0.9%
Brosa Design Pty Limited <sup>†</sup>	n/a	1,060,262	0.3%
Perenti Global Limited	PRN	652,481	0.2%
		<b>25,706,134</b>	<b>7.2%</b>

#### Financials

Generation Development Group Limited	GDG	5,154,210	1.4%
MyState Limited	MYS	4,694,639	1.3%
MA Financial Group Limited	MAF	3,829,449	1.1%
Resimac Group Limited	RMC	3,541,448	1.0%

Company Name	Code	Fair Value \$	% of Gross Assets
Butn Limited <sup>*</sup>	BTN	2,536,955	0.7%
Healthia Limited	HLA	1,752,629	0.5%
SciDev Limited	SDV	1,063,127	0.3%
rhipe Limited	RHP	953,276	0.2%
		<b>23,525,733</b>	<b>6.5%</b>

#### Real estate

Cedar Woods Properties Limited	CWP	4,977,485	1.4%
McGrath Limited	MEA	4,632,857	1.3%
Servcorp Limited	SRV	2,911,065	0.8%
		<b>12,521,407</b>	<b>3.5%</b>

**Total long portfolio** **320,852,402** **89.1%**

**Total cash and cash equivalents, income receivable and net outstanding settlements** **39,409,155** **10.9%**

**Gross assets** **360,261,557**

<sup>\*</sup>Unlisted investment (initial public offering).

<sup>†</sup>Unlisted convertible note.

The total number of stocks held at the end of the financial year was 88.



## ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### Shareholdings

**Substantial shareholders (as at 31 July 2021)** - there are currently no substantial shareholders.

**On-market buy back (as at 31 July 2021)** - there is no current on-market buy back.

### Distribution of shareholders (as at 31 July 2021)

Category	Number of shareholders	Percentage of issued capital held
1 – 1,000	1,034	0.3%
1,001 – 5,000	2,281	3.2%
5,001 – 10,000	1,568	5.9%
10,001 – 100,000	4,099	59.7%
100,001 and over	223	30.9%
	<b>9,205</b>	<b>100.0%</b>

The number of shareholdings held in less than marketable parcels is 133.

### Twenty largest shareholders – Ordinary shares (as at 31 July 2021)

Name	Number of ordinary shares held	% of issued capital held
Citicorp Nominees Pty Limited	4,948,205	2.4%
Sysha Pty Limited	4,000,000	1.9%
Navigator Australia Limited	2,284,834	1.1%
Romeomike Enterprises Pty Limited	1,835,262	0.8%
BNP Paribas Nominees Pty Limited	1,667,454	0.8%
Netwealth Investments Limited	1,464,581	0.7%
Intech Solutions Pty Limited	1,300,000	0.6%
HSBC Custody Nominees (Australia) Limited	1,237,012	0.6%
J P Morgan Nominees Australia Pty Limited	1,232,363	0.6%
Entities associated with Mr Geoff Wilson	1,061,755	0.5%
Brixton Capital Pty Limited	1,007,693	0.5%
Mrs Fay Martin-Weber	1,000,000	0.5%
888 Corporation Pty Limited	1,000,000	0.5%
Invia Custodian Pty Limited	1,000,000	0.5%
English Family Super Fund Pty Limited	952,181	0.5%
National Nominees Limited	838,128	0.4%
Fay Fuller Foundation Pty Limited	726,710	0.4%
Gold Tiger Equities Pty Limited	700,000	0.3%
Barefoot Super Pty Limited	649,796	0.3%
Australian Investors Pty Limited	564,923	0.3%
	<b>29,470,897</b>	<b>14.2%</b>

### Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

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# **Wilson** Asset Management

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