

WAM STRATEGIC VALUE LIMITED

ABN 24 649 096 220

Appendix 4E Preliminary Final Report

for the period from 30 March 2021 (date of incorporation) to 30 June 2022

Results for Announcement to the Market

	\$
Revenue from ordinary activities	(20,486,380)
Loss from ordinary activities before income tax expense	(23,267,242)
Net loss from ordinary activities after income tax expense	(14,487,574)

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2022 Final dividend cents per share	2.0c	2.0c	30%
2022 Interim dividend cents per share	1.0c	1.0c	30%

Final dividend dates

Ex dividend date	3 October 2022
Record date	4 October 2022
Last election date for the DRP	6 October 2022
Payment date	28 October 2022

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked final dividend of 2.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the aggregate price of shares purchased on market, less brokerage costs and other costs, divided by the number of shares purchased. The Company will have up to 10 trading days in which to procure shares are purchased on-market for all shareholders participating in the Plan. If the Company cannot cause sufficient existing shares to be acquired on-market within this time frame, the remainder of the dividend will either be applied towards the issue of new shares or given to the shareholder in cash. The DRP will operate without a discount for the final dividend.

30 Jun 22

Net tangible asset backing (after tax) per share	\$1.16
--	--------

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

For personal use only

W | A | M *Strategic Value*

For personal use only

2 0 2 2
FINANCIAL
REPORT

For the period from 30 March 2021 (date of incorporation) to 30 June 2022

 **Wilson**
Asset Management

OVER 20 YEARS Making a
difference

WAM Strategic Value Limited

WAM Strategic Value Limited ('WAM Strategic Value' or the 'Company') is a listed investment company and is a reporting entity. It primarily invests in discounted asset opportunities, particularly in listed investment companies (LICs) and listed investment trusts (LITs) (commonly referred to as closed-end funds).

WAM Strategic Value

Directors

Geoff Wilson AO (Chairman)
Kate Thorley
Glenn Burge

Company Secretary

Jesse Hamilton

Investment Manager

Wilson Asset Management
(International) Pty Limited
Level 26, Governor Phillip Tower
1 Farrer Place Sydney NSW 2000

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

T (02) 9247 6755

F (02) 9247 6855

E info@wilsonassetmanagement.com.au

W wilsonassetmanagement.com.au

Share Registry

Automic Pty Limited
Level 5, 126 Phillip Street
Sydney NSW 2000

T 1300 408 788 (in Australia)

+61 2 8072 1490 (International)

E wilsonam@automic.com.au

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 Strategic Value Limited
Ordinary Shares (WAR)

Auditor

Pitcher Partners

 **W | A | M Vault**
November 2022



Watch WAM Vault in November 2022 for insights from the investment team.

Visit wilsonassetmanagement.com.au/vault.

Join our hybrid AGM on Tuesday 29 November 2022. Further details will be provided closer to the date.

Deadline for Director nominations, including the deadline for signed consent, is 5:00pm (AEST) on Tuesday 4 October 2022.

FY2022 highlights

+100.0%

increase in fully franked final dividend

3.0C

fully franked full year dividend

2.0C

fully franked final dividend

Snapshot as at 30 June 2022

Listing date	June 2021
Gross assets*	\$199.0m
Market capitalisation	\$174.7m
Share price	\$0.97
Shares on issue	180,125,761
Net tangible assets (pre-tax)	\$1.11
Net tangible assets (post-tax)	\$1.16
FY2022 fully franked dividend	3.0 cents

*Gross assets exclude the \$1.4m offer costs receivable balance associated with the Initial Public Offer (repayable by the Investment Manager).

FY2022 results

WAM Strategic Value reported an operating loss before tax of \$23.3 million for the period from inception to 30 June 2022 and an operating loss after tax of \$14.5 million. The after tax figure was boosted by a \$8.8 million income tax benefit, delivered through the tax benefit on the operating loss for the period and the franking credits received on franked dividend income from investee companies.

The Company was registered with the Australian Securities and Investment Commission (ASIC) on 30 March 2021 and commenced operations on 21 June 2021, following the successful oversubscribed initial public offering which raised \$225 million.

The investment portfolio decreased 9.3% during the period from inception to 30 June 2022, while holding an average cash weighting of 33.3%.

The Board declared a fully franked full year dividend of 3.0 cents per share, with the inaugural fully franked final dividend being 2.0 cents per share, which represents a 100% increase on the inaugural fully franked interim dividend. This is consistent with the Company's investment objective to provide capital growth over the medium to long term, deliver investors a stream of fully franked dividends and preserve capital. As at 31 July 2022, the Company had 8.7 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 2.0 cents per share.

Contents

Chairman and Lead Portfolio Manager's letter	5
Investment Manager update	12
Objectives and investment process	15
Directors' Report to shareholders	16
Auditor's Independence Declaration	26
Statement of comprehensive income	27
Statement of financial position	28
Statement of changes in equity	29
Statement of cash flows	30
Notes to the financial statements	31
Directors' Declaration	49
Independent Auditor's Report	50
Investments at market value	55
ASX additional information	56

Letter from the Chairman and Lead Portfolio Manager

Geoff Wilson AO



Dear Fellow Shareholders,

The 2022 financial year was a challenging period for equity markets. Australia emerged from its second coronavirus lockdown and economies began rebounding, but by January 2022 rising inflation, concerns over central banks tightening monetary policy and geopolitical tensions in Eastern Europe led to a largely indiscriminate sell-off in equities as markets factored in a tightening of monetary conditions. The sell-off in equity markets was exacerbated within the Australian listed investment company (LIC) sector as retail shareholders sought to rotate into holdings with higher liquidity in the lead-up to 30 June.

As tightening of policy continued, fears of a slowdown in economic growth, inflation and interest rate rises continued to weigh on investor sentiment globally for the remainder of the financial year. This increased volatility has affected the LIC sector broadly. In particular, those invested in international companies, as well as those at the smaller end with less than \$250 million in size have been impacted heavily by the volatility, as investors favour LICs with a larger capital base and higher liquidity. The average discount to net tangible assets (NTA) within the LIC and listed investment trust (LIT) sector increased to 10.4% as at 30 June 2022, from 9.1% as at 30 June 2021. A total of 17 out of 95 LICs traded at a premium to NTA, down from 20 as at 30 June 2021. LICs and LITs focused on investing in global companies saw their share price premium or discount to NTA greatly impacted, with an average share price discount of 17.5% against NTA, compared to 12.9% as at 30 June 2021. Over this period, a number of operating companies traded at sizeable discounts to NTA. We strategically invested when we believed the risk and reward balance was in our favour.

The WAM Strategic Value investment portfolio decreased 9.3% for the period from inception to 30 June 2022 with an average cash weighting of 33.3% over the period. The estimated look-through NTA of the underlying investments in LIC's and LIT's decreased by 3.7% over the period, while the widening of underlying share price discounts to NTA impacted the investment portfolio by 5.6%. The estimated look-through NTA of the WAM Strategic Value investment portfolio is calculated using the estimated or most recently available pre-tax NTA of the underlying investment portfolio which equated to \$1.26 per share at 30 June 2022.

+100.0%
increase in fully
franked final
dividend

**3.0 cents
per share**
FY2022 fully
franked
full year dividend

**2.0 cents
per share**
FY2022 fully
franked final
dividend

WAM Strategic Value continues to invest in discounted asset opportunities and expects to benefit from these as market volatility subsides and the share price discounts of underlying investments narrow over time.

During the period, we realised a strong return on our investment in Magellan High Conviction Trust (ASX: MHH). Following WAM Strategic Value's initial public offering we began investing in Magellan High Conviction Trust at an approximate 12% share price discount to its underlying net tangible asset (NTA) value. In August, Magellan High Conviction Trust moved from a closed-end LIT to an exchange traded fund (ETF). We exited our position during the period at its underlying asset backing, recording a weighted average annualised return on our investment of 117.6%.

In December 2021, Westoz Investment Company (Westoz) (ASX: WIC), Ozgrowth (ASX: OZG) and WAM Capital (ASX: WAM) announced Scheme Implementation Agreements to merge the three entities under separate transactions. Under the agreements, WAM Capital acquired 100% of the shares in Westoz and Ozgrowth while Westoz and Ozgrowth shareholders received new WAM Capital shares as consideration for their respective shares. The proposed transactions offered Westoz and Ozgrowth shareholders the ability to exit their investments at a premium to the pre-tax NTAs of both entities, and a premium to the Westoz and Ozgrowth share prices. Following the announcement, Westoz and Ozgrowth saw an uplift in their respective share prices which were trading at significant discounts to their underlying net asset backings. WAM Strategic Value realised further upside in our investment in the companies when the schemes were approved by Westoz and Ozgrowth and were implemented in April 2022.

L1 Long Short Fund (ASX: LSF) was a contributor to the investment portfolio performance during the period, providing strong absolute returns. In January and February 2022, L1 Long Short Fund benefitted from a number of positive company updates as well as its long exposure to resources and short positions in select ultra-high price-to-earnings stocks. During the year, L1 Long Short Fund was able to provide shareholders with a growing stream of fully franked dividends with the 4.0 cents per share FY2022 interim dividend announced representing a 166.7% increase to the inaugural 1.5 cents per share dividend paid in March 2021. Managing Directors and Chief Investment Officers Mark Landau and Raphael Lamm have also continued to buy L1 Long Short Fund shares, contributing to the closing of the share price discount to NTA from approximately 29% as at 30 March 2020 to approximately 5% as at 30 June 2022. We believe L1 Long Short Fund's share price discount to NTA will continue to narrow over time.

In June 2022, WAM Leaders (ASX: WLE) and Absolute Equity Performance Fund (AEG) (ASX: AEG) announced that they have entered into a Scheme Implementation Agreement to merge the two entities. Under the agreement, WAM Leaders will acquire 100% of the shares in AEG while AEG shareholders will receive new WAM Leaders shares as consideration for their AEG shares. The proposed transaction offers AEG shareholders the ability to exit their investments at a premium to the AEG share price and following the announcement, AEG saw an uplift in its share price which was trading at a significant discount to its underlying net asset backing. WAM Strategic Value acquired its position in AEG at a weighted average share price discount to NTA of 12.6% and we expect to realise further upside in our investment in AEG if the scheme is approved by AEG shareholders in September 2022.

The current market environment continues to provide WAM Strategic Value with opportunities to accumulate key holdings trading at a discount to NTA. In addition, direct discounted asset opportunities now make up 3.7% of the investment portfolio and include holdings in AMP (ASX: AMP), Global Data

Centre Group (ASX: GDC) and AGL Energy (ASX: AGL). WAM Strategic Value's flexible cash position enables us to continue to take advantage of market mispricing opportunities, including securities trading at discounts to assets or net tangible assets, corporate transactions and dividend yield arbitrages in the current market environment. As at 30 June 2022, the Company's investment portfolio held 40% in cash.

The LIC structure provides a permanent and stable closed-end pool of capital. An investment team that manages capital on behalf of a LIC can therefore make rational investment decisions based on sound investment strategies, undisturbed by fund inflows and outflows (investors' capital allocations and redemptions). Investors in LICs may also benefit from fully franked dividends paid over time.

The Board declared a fully franked full year dividend of 3.0 cents per share, with the inaugural fully franked final dividend being 2.0 cents per share, which represents a 100% increase on the inaugural fully franked interim dividend. As at 31 July 2022, the Company had 8.7 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 2.0 cents per share.

The Company's ability to continue paying fully franked dividends is dependent on generating additional profits reserves and franking credits. The ability to generate franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profit.

WAM Strategic Value reported an operating loss before tax of \$23.3 million and an operating loss after tax of \$14.5 million due to the movement in the investment portfolio over the period. The after tax figure was boosted by a \$8.8 million income tax benefit, delivered through the tax benefit on the operating loss for the period and the franking credits received on franked dividend income from investee companies.

As a fellow WAM Strategic Value shareholder, I thank Chief Financial Officer Jesse Hamilton, Investment Specialist Martyn McCathie and the broader Wilson Asset Management investment team for their diligence, rigour and commitment during what has being an extremely challenging period for equity markets.

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 Strategic Value is to provide capital growth over the medium-to-long term, deliver a stream of fully franked dividends and preserve capital.

Performance at 30 June 2022	3 mths	6 mths	1 yr	Since inception (Jun-21)
WAM Strategic Value Investment Portfolio	-11.4%	-14.6%	-11.7%	-9.3%

Investment portfolio performance is before expenses, fees and taxes.

WAM Strategic Value's investment portfolio decreased 9.3% in the period from inception to 30 June 2022, while holding on average 33.3% of the investment portfolio in cash.

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.

WAM Strategic Value's pre-tax NTA decreased 10.5% since inception to 30 June 2022, including the 1.0 cents per share of fully franked dividends paid to shareholders during the year. Management fees of 0.9%* and other company related expenses and estimated selling costs of 0.3% were the items of difference between the investment portfolio performance decrease of 9.3% and the NTA performance decrease of 10.5%. The NTA after tax decreased 6.6% for the period to 30 June 2022, with the corporate tax payable and the deferred tax provision for the period to 30 June 2022 being the difference between the before and after tax NTA performance. When paid, the franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends.

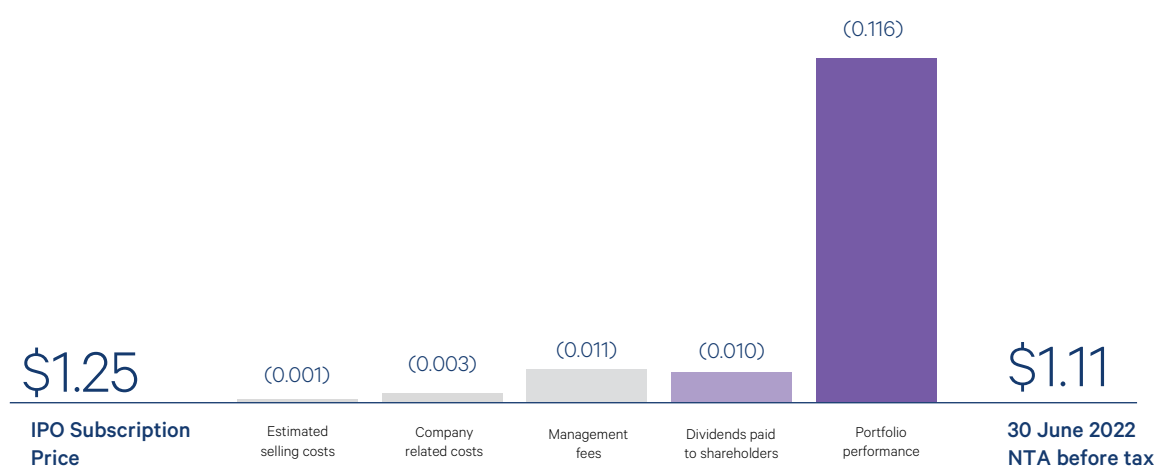
During the period, WAM Strategic Value received franking credits from investee companies equating to a fully franked dividend of 3.3 cents per share.

Estimated selling costs on the investment portfolio are adjusted for in the NTA calculation in line with the requirements of the ASX Listing Rules and only impact the NTA performance in the first reporting period upon their initial recognition.

**Management fees represent 1.0% of the average funds under management from the date the initial public offering shares were allotted to shareholders (22 June 2021) to 30 June 2022.*

Wilson Asset Management has foregone management fees on the portion of the investment portfolio held in WAM Global (ASX: WGB) shares and options. WAM Strategic Value received WAM Global shares and options as scrip consideration for Templeton Global Growth Fund (ASX: TGG) shares held. Wilson Asset Management is entitled to management fees of 1.0% (excluding GST) per annum.

WAM Strategic Value NTA pre-tax NTA



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.

This measure shows the tangible return to shareholders, being the change in the share price together with dividends paid, assuming their reinvestment. The TSR for WAM Strategic Value for the period from inception to 30 June 2022 was impacted by the decline in the investment portfolio performance during a highly volatile period for equity markets and the share price discount to NTA at the end of the period. As at 30 June 2022, the share price discount to NTA was 12.6%, with TSR decreasing 21.7% for the period from inception to 30 June 2022. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

Dividends

The Board declared a fully franked full year dividend of 3.0 cents per share, with the inaugural fully franked final dividend being 2.0 cents per share, which represents a 100% increase on the inaugural fully franked interim dividend. 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 2022, the Company had 8.7 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 2.0 cents per share. The Company's ability to generate franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profit.

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked final dividend of 2.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the aggregate price of shares purchased on market, less brokerage costs and other costs, divided by the number of shares purchased. The Company will have up to 10 trading days in which to procure shares are purchased on-market for all shareholders participating in the Plan. If the Company cannot cause sufficient existing shares to be acquired on-market within this time frame, the remainder of the dividend will either be applied towards the issue of new shares or given to the shareholder in cash.

For further information regarding the DRP, please visit wilsonassetmanagement.com.au/lic/strategic-value/.

WAM Strategic Value top holdings (in alphabetical order)

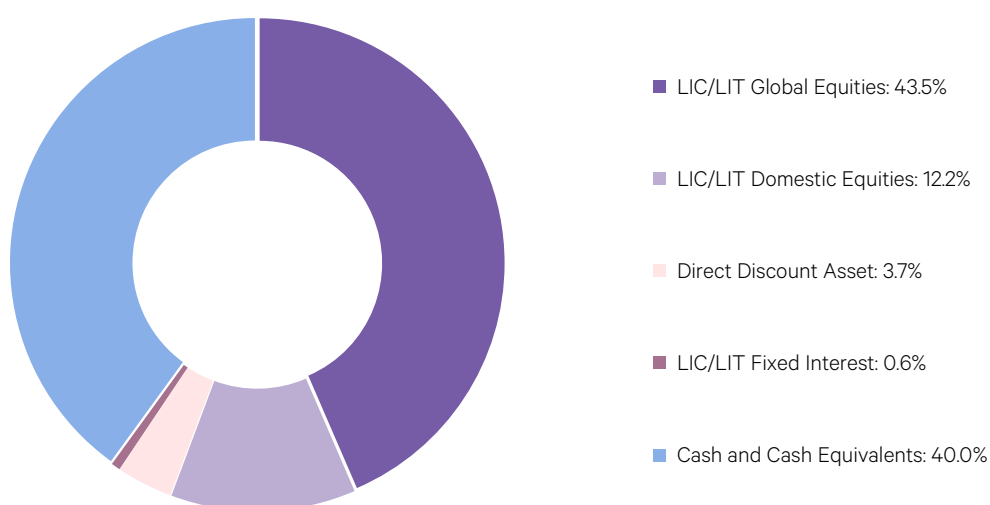
as at 30 June 2022

Code	Company
AMP	AMP Capital Limited
CIN	Carlton Investments Limited
EAI	Ellerston Asian Investments Limited
GDC	Global Data Centre Group
LSF	L1 Long Short Fund Limited
MFF	MFF Capital Limited
MGF	Magellan Global Fund
NSC	NAOS Small Cap Opportunities Company Limited
PE1	Pengana Private Equity Trust
PIA	Pengana International Equities Limited
QVE	QV Equities Limited
SEC	Spheria Emerging Companies Limited
TEK	Thorney Technologies Limited
VG1	VGI Partners Global Investments Limited
VG8	VGI Partners Asian Investments Limited
WGB*	WAM Global Limited

The fair values of individual investments held at the end of the reporting period are disclosed on page 55.

*WAM Strategic Value received WAM Global shares and options as scrip consideration for Templeton Global Growth Fund shares held.

Portfolio by sector



For personal use only

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 Strategic Value or Wilson Asset Management. Please contact myself or the team, on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

Thank you for your continued support and keep safe.



Geoff Wilson AO
Chairman

For personal use only

Investment Manager update

Wilson Asset Management Chief Executive Officer
and WAM Strategic Value 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 Strategic Value (ASX: WAR) is your company and I am pleased to share some exciting updates and insights from the year with you.

The Wilson Asset Management team and I were excited to travel across Australia in May and meet with shareholders again in-person for WAM Vault Live. It was fantastic to have a cup of tea with you after more than two and a half years. Thank you to all who attended, we look forward to meeting you again soon.

I extend my sincere thanks to Chief Financial Officer Jesse Hamilton, Investment Specialist Martyn McCathie and the broader Wilson Asset Management team who contribute immensely to our team.

Wilson Asset Management prides itself on being a high-performing team, committed to making a difference for our shareholders. During the year, we promoted several team members in recognition of the exceptional quality of their work, including: Sam Koch to Senior Equity Analyst, Martyn McCathie to Investment Specialist and Camilla Cox and Olivia Harris to Senior Corporate Affairs Advisors.

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, People and Culture, Distribution 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 almost \$5 billion on behalf of more than 130,000 retail investors.

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

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. During the year, Wilson Asset Management and Future Generation team members were proud to support over 50 charities across several cause areas such as cancer research, homelessness and mental health. All philanthropic investments are made by the Investment Manager.

In February 2022, many Australians were affected by the devastating floods in New South Wales and Queensland. Wilson Asset Management donated again to the Foundation for Rural and Regional Renewal (FRRR) to support communities impacted by the floods, with hundreds of shareholders and supporters also generously giving funds to support those affected.

In 2019, we were able to raise over \$1 million for Australians affected by the bushfires and drought for the FRRR Disaster Resilience and Recovery Fund. This is an invested fund that grows with donations over time to generate earnings each year to be used to support communities' long term recovery. Wilson Asset Management's early contribution encouraged others to contribute and the fund now holds over \$5 million.

Our thoughts were also with all those in Ukraine facing the brutality of the fighting and the displacement that has caused a humanitarian disaster. In 2022, along with many of our shareholders, Wilson Asset Management donated to two organisations that we believe are having a significant impact on improving the conditions for those suffering; The Ukraine Crisis Appeal and Voices of Children.

We are honoured to provide continued support to Olympic athletes, through managing over \$7 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.

We were excited to announce a five-year renewal of our partnership with Bondi2Berry. We are a key supporter of the event, which raises awareness of dementia, a disease that is the leading cause of death among Australian women, and the third leading cause of death for Australian men. We are also proud to continue our support of the Sydney Uni Velo Club (SU Velo).

Wilson Asset Management is the main partner of the Wollongong 2022 UCI World Championship Cycling competition, which will take place in September this year. The event runs for a week from 18 September 2022, putting the city of Wollongong on the map for a global television audience of over 300 million viewers. More than 1,000 cyclists from 70 countries will meet to compete in 11 races over eight days. The relationship between Wollongong 2022 and Wilson Asset Management was founded on a mutual objective of supporting people and creating a legacy for the community, demonstrating the long-term value of investing in financial, physical and mental wellbeing through cycling and community engagement.

Advocacy and Education

Our advocacy work on behalf of retail investors in the Australian equity market continues to be a priority. We firmly believe all shareholders, both retail and wholesale, should be treated equitably when investing in the Australian equity market.

We also remain committed to education initiatives which advocate for change and progress in corporate Australia. We support 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 Strategic Value; Wilson Asset Management's responsibility is to manage the Company on your behalf and be available to report to you on a regular basis. After almost two and a half years, in May we were pleased to meet with shareholders across the country for WAM Vault Live. We hope to see you again soon, but in the meantime 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:

- ✓ Email updates from our Lead Portfolio Managers
- ✓ WAM Vault Live
- ✓ Investment team insights at WAM Vault: wilsonassetmanagement.com.au/vault
- ✓ Roundtables with 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 contact us by phone on (02) 9247 6755 or by email at 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 Strategic Value are to:

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

Investment process – focus on discounted assets opportunities

WAM Strategic Value provides investors with access to Wilson Asset Management's market-driven investment process, developed to take advantage market mispricing, including Discounted Assets focused on LICs and LITs, and other market mispricing opportunities including corporate transactions and dividend yield arbitrages with franking credit benefits.

Discounted Asset opportunities

The risk-and-return analysis for Discounted Assets will involve an assessment of the potential reasons for the discount and techniques and strategies that could enable the Investment Manager to narrow or close the discount. This assessment will consider various matters identified using the Investment Manager's significant expertise and experience including effective capital management and dividend policies, franking credit management, communication strategies with shareholders, board and management personnel changes, restructuring, returning capital to shareholders or corporate actions such as takeovers, divestitures or mergers.



Other mispricing opportunities

This investment process takes advantage of a broad range of mispricing opportunities. 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. Once an investment opportunity has been identified, the Investment Manager will undertake detailed research in order to identify any perceived mispricing in the relevant securities. The Investment Manager will then analyse risk and return potential and liquidity.

Directors' Report to shareholders for the period ended 30 June 2022

The Directors present their report together with the financial report of WAM Strategic Value Limited for the period from 30 March 2021 (date of incorporation) to 30 June 2022.

Principal activity

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

Initial Public Offering

The Company successfully raised \$225 million through an Initial Public Offering (IPO) in accordance with the Replacement Prospectus dated 17 May 2021, by the issue of 180,000,000 ordinary fully paid shares at an issue price of \$1.25 per share. The shares were allotted to shareholders on 22 June 2021 and began trading under the ASX code WAR on 28 June 2021. Since the IPO in June 2021, the Company has selectively invested shareholders' capital in companies that meet our rigorous investment process.

The Investment Manager has agreed to be responsible for the payment of the offer costs relating to the IPO that the Company would normally be liable for. These costs were paid upfront by the Company however, the Investment Manager will repay the offer costs to the Company in 30 equal monthly repayments. The Company's ongoing operating costs, including ASX and ASIC fees, audit costs, legal and tax advisory fees will be paid by the Company.

The Company was registered with the Australian Securities and Investments Commission (ASIC) on 30 March 2021 and commenced operations on 21 June 2021.

Operating and financial review

Investment operations over the period resulted in an operating loss before tax of \$23,267,242 and an operating loss after tax of \$14,487,574. The after tax figure was boosted by a \$8.8 million income tax benefit, delivered through the tax benefit on the operating loss for the period and franking credits received on franked dividend income from investee companies. WAM Strategic Value's investment portfolio decreased 9.3% in the period from inception to 30 June 2022, while holding on average 33.3% of the investment portfolio in cash.

The operating loss 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 or loss 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 2022 was \$208,860,255. Further information on the financial position of the Company is contained in the Chairman's Letter.

Dividends paid or recommended

Dividends paid or declared during the year are as follows:

	\$
Inaugural FY2022 fully franked interim dividend of 1.0 cents per share paid on 14 April 2022	1,800,000

Since the end of the period, the Directors declared a inaugural fully franked final dividend of 2.0 cents per share to be paid on 28 October 2022. Together with the inaugural fully franked 1.0 cents per share interim dividend paid to shareholders on 14 April 2022, this brings the inaugural fully franked full year dividend to 3.0 cents per share.

The Board is committed to paying a stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. The ability to generate franking credits is dependent upon the receipt of franked dividends from investee companies and the payment of tax on profits.

Directors

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

- Geoff Wilson AO (appointed 30 March 2021)
- Kate Thorley (appointed 30 March 2021)
- Glenn Burge (appointed 30 March 2021)

Information on Directors

Geoff Wilson AO (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 42 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 Wilson has been Chairman of the Company since March 2021.

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 Microcap Limited (appointed March 2017), WAM Leaders Limited (appointed March 2016) and WAM Global Limited (appointed February 2022). 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), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wollongong 2022 Limited (appointed March 2019), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation, Australian Stockbrokers 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 Fund Limited 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.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 17 years' experience in the funds management industry and more than 23 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 Active Limited, WAM Research Limited, WAM Leaders Limited, WAM Microcap Limited, WAM Global Limited, 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 Thorley has been a Director of the Company since March 2021.

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 Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and Future Generation Global Investment Company 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.

Glenn Burge (Director – independent)

Experience and expertise

Glenn Burge is an advisor to Audant Investments and has over 35 years' experience covering financial markets. Glenn's career as a senior media executive included the role as editor of the Australian Financial Review (2002 to 2011). He was also editorial director for Fairfax Media's suite of business and investment titles including BRW and Smart Investor from 2006. Other roles at Fairfax Media included executive editor of Metropolitan Media (2011 to 2014), where he led several print and digital media transformation projects. Glenn began his media career as a business reporter specialising in ASX listed companies and financial markets. He completed a Bachelor of Arts and Law from Macquarie University in 1981 and was admitted as a solicitor of the NSW Supreme Court in 1982.

Glenn Burge has been a Director of the Company since March 2021.

Glenn Burge (Director – independent) (cont'd)

Other current directorships

Glenn Burge has no other current directorships.

Former directorships in the last 3 years

Glenn Burge 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 Glenn Burge's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Glenn Burge's interests in contracts of the Company are included later in this report

Company Secretary

The following person held the position of Company Secretary at the end of the financial period:

Jesse Hamilton

Jesse Hamilton is a Chartered Accountant with more than 14 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 Hamilton was appointed Company Secretary of WAM Strategic Value in 30 March 2021.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Strategic Value Limited.

a) Remuneration of Directors

All Directors of WAM Strategic Value 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.

Remuneration Report (Audited) (cont'd)

a) Remuneration of Directors (cont'd)

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 \$110,000 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 period ended 30 June 2022:

Director	Position	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson AO	Chairman	9,166	916	10,082
Kate Thorley	Director	9,166	916	10,082
Glenn Burge	Director	27,497	2,750	30,247
		45,829	4,582	50,411*

*Includes Directors' fees for the period from date of listing, 28 June 2021 to 30 June 2022.

Directors receive a superannuation guarantee contribution required by the government, which was 10% of individuals' benefits for the period and do not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

b) Director related entities remuneration

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

The Company has an investment management agreement with Wilson Asset Management (International) Pty Limited (the Investment Manager or the Manger). Geoff Wilson is the Director of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Strategic Value Limited. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited. In its capacity as the Manager and in accordance with the investment management agreement, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$2,204,951 inclusive of GST. As at 30 June 2022, the balance payable to the Manager was \$153,862 inclusive of GST.

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the value of the portfolio above the high-water mark.

Remuneration Report (Audited) (cont'd)

b) Director related entities remuneration (cont'd)

The high-water mark is the greater of:

- the highest value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus. If the value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased below the high-water mark over that period. For the period ended 30 June 2022, no performance fee was payable to Wilson Asset Management (International) Pty Limited.

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Strategic Value Limited to provide accounting and company secretarial services on commercial terms. For the period 28 June 2021 to 30 June 2022, the fee for accounting services amounted to \$66,542 inclusive of GST (\$66,000 per annum inclusive of GST) and the fee for company secretarial services amounted to \$27,726 inclusive of GST (\$27,500 per annum inclusive of GST).

These amounts are in addition to the above Directors' remuneration. 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. Wilson Asset Management (International) 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 March 2021	Acquisitions	Disposals	Balance at 30 June 2022
Geoff Wilson (appointed 30 March 2021)	1 [*]	4,919,347	-	4,919,348
Kate Thorley (appointed 30 March 2021)	-	100,170	-	100,170
Glenn Burge (appointed 30 March 2021)	-	82,000	-	82,000
	1	5,101,517	-	5,101,518

^{*}Sole share on issue in the Company on incorporation.

For personal use only

Remuneration Report (Audited) (cont'd)

d) Equity instruments disclosures of Directors and related parties (cont'd)

There have been no changes in shareholdings disclosed above between 30 June 2022 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 financial period, 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	4	4
Kate Thorley	4	4
Glenn Burge	4	4

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 2.0 cents per share to be paid on 28 October 2022.

No matters or circumstances have 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 discounted assets – 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.

For personal use only

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.

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 period 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 period ended 30 June 2022 is provided on the Company's website at 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 26 of the Financial Report.

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



Geoff Wilson AO
Chairman

Dated this 30th day of August 2022

For personal use only

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**Auditor's Independence Declaration
To the Directors of WAM Strategic Value Limited
ABN 24 649 096 220**

In relation to the independent audit of WAM Strategic Value Limited for the period ended 30 June 2022, I declare that 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

30 August 2022

Statement of comprehensive income for the period ended 30 June 2022

For the period
30 March 2021 to
30 June 2022
\$

	Note	
Net realised and unrealised losses on financial assets		(27,006,994)
Other revenue from operating activities	2	6,520,614
Management fees		(2,054,613)
Directors fees		(50,411)
Brokerage expense on share purchases		(137,310)
Custody fees		(13,383)
ASX listing and chess fees		(104,512)
Share registry fees		(71,646)
Disbursements, mailing and printing		(10,409)
ASIC industry funding levy		(12,063)
Accounting fees		(66,542)
Audit fees		(48,429)
Company Secretary fees		(27,726)
Other expenses from ordinary activities		(183,818)
Loss before income tax		(23,267,242)
Income tax benefit	3(a)	8,779,668
Loss after income tax attributable to members of the Company		(14,487,574)
Other comprehensive income		
Other comprehensive income for the period, net of tax		-
Total comprehensive loss for the period		(14,487,574)
Basic and diluted loss per share[*]	14	(9.88 cents)

^{*}The basic and diluted loss per share would have been 8.05 cents if calculated from 22 June 2021 (allotment date), as the Company only had one share on issue and no earnings up to this date.

The accompanying notes form part of these financial statements.

For personal use only

Statement of financial position as at 30 June 2022

	Note	2022 \$
Current assets		
Cash and cash equivalents	12	79,591,306
Trade and other receivables	6	1,031,288
Financial assets	7	119,323,662
Total current assets		199,946,256
Non-current assets		
Trade and other receivables	6	466,122
Deferred tax assets	3(b)	10,855,126
Total non-current assets		11,321,248
Total assets		211,267,504
Current liabilities		
Trade and other payables	8	331,791
Current tax liabilities	3(c)	2,075,458
Total current liabilities		2,407,249
Total liabilities		2,407,249
Net assets		208,860,255
Equity		
Issued capital	9	225,147,829
Profits reserve	10	6,540,428
Accumulated losses	11	(22,828,002)
Total equity		208,860,255

The accompanying notes form part of these financial statements.

For personal use only

Statement of changes in equity for the period ended 30 June 2022

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 30 March 2021 (date of incorporation)		-	-	-	-
Loss for the period		-	(14,487,574)	-	(14,487,574)
Transfer to profits reserve		-	(8,340,428)	8,340,428	-
Other comprehensive income for the period		-	-	-	-
Transactions with owners:					
Share issued on incorporation	9(b)	1	-	-	1
Shares issued via initial public offering	9(b)	225,000,000	-	-	225,000,000
Shares issued via dividend reinvestment plan	9(b)	147,828	-	-	147,828
Dividends paid	4(a)	-	-	(1,800,000)	(1,800,000)
Balance at 30 June 2022		225,147,829	(22,828,002)	6,540,428	208,860,255

The accompanying notes form part of these financial statements.

For personal use only

Statement of cash flows for the period ended 30 June 2022

For the period
30 March 2021 to
30 June 2022
\$

	Note	
Cash flows from operating activities		
Proceeds from sale of investments		129,381,606
Payments for purchase of investments		(275,712,262)
Dividends, trust distributions, underwriting fees and other income received		6,241,557
Interest received		219,690
Management fee (GST inclusive)		(2,051,089)
Payments for administration expenses (GST inclusive)		(147,357)
Brokerage expense on share purchases (GST inclusive)		(555,882)
GST on brokerage expense on share sales		(10,620)
Net GST received from ATO		276,200
Net cash used in operating activities	13	(142,358,157)
Cash flows from financing activities		
Shares issued via initial public offering and on incorporation		225,000,001
Share issue costs		(2,342,122)
Dividends paid – net of reinvestment		(1,652,172)
Repayment of offer costs		943,756
Net cash provided by financing activities		221,949,463
Net increase in cash and cash equivalents held		79,591,306
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at the end of the period	12	79,591,306
Non-cash transactions:		
Shares issued via dividend reinvestment plan		147,828

The accompanying notes form part of these financial statements.

For personal use only

Notes to the financial statements for the period ended 30 June 2022

1. Significant accounting policies

General information

WAM Strategic Value Limited was incorporated in Australia on 30 March 2021 and commenced operations on 21 June 2021.

The registered office of the Company is located at Level 26, Governor Philip Tower, 1 Farrer Place, Sydney NSW 2000.

The financial report for the period 30 March 2021 to 30 June 2022 was authorised for issue on 30 August 2022 by the Board of Directors.

As this is the Company's first period of operations, there are no comparatives.

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 Strategic Value Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 International Accounting Standards Board (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 Report 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. There was no material impact to the financial statements.

1. Significant accounting policies (cont'd)

a) Financial instruments

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.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

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 period 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.

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

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.

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 four 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.

1. Significant accounting policies (cont'd)

g) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables are included in trade and other receivables within the Statement of financial position.

h) 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 2022, there are no expected credit losses recognised.

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net 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, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) Comparative figures

As this is the Company's first period of operation there are no comparatives.

k) Profits reserve

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

l) 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.

m) Dividends

Dividends are recognised when declared during the financial period.

1. Significant accounting policies (cont'd)**n) 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 period ended 30 June 2022. 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.

o) New standards and interpretations not yet adopted

There are no new standards or interpretations not yet adopted that would have a material impact for the Company this financial period.

2. Other revenue

	2022 \$
Australian sourced dividends	6,015,908
Interest	272,498
Trust distributions	155,791
Underwriting fees and other income	76,417
	6,520,614

3. Income tax**a) Income tax benefit**

The prima facie tax on loss before income tax is reconciled to the income tax benefit as follows:

	2022 \$
Prima facie tax on loss before income tax at 30%	(6,980,172)
Imputation credit gross up	771,212
Franking credit offset	(2,570,708)
	(8,779,668)
Effective tax rate	(37.7%)

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the period, in addition to the tax benefit on the Company's operating loss for the period at the corporate tax rate of 30%.

For personal use only

3. Income tax (cont'd)**a) Income tax benefit (cont'd)**2022
\$**Total income tax benefit results in a:**

Current tax liability	1,912,995
Deferred tax asset	(10,692,663)
	(8,779,668)

b) Deferred tax assets2022
\$

Fair value adjustments and timing differences on receivable	10,259,216
Capitalised share issue costs	421,847
Tax losses	162,463
Accruals	11,600
	10,855,126

Movement in deferred tax assets

Balance at the beginning of the period	-
Charged to the Statement of comprehensive income	10,692,663
Tax losses transferred	162,463
Capitalised share issue costs	702,637
Offer costs receivable	(702,637)
At reporting date	10,855,126

The Directors consider it probable that future taxable profits will be available against which the \$162,463 of income tax losses can be recovered and therefore, the deferred tax asset recognised will be able to be utilised against future income tax payable.

c) Current tax liabilities2022
\$

Balance at the beginning of the period	-
Current period income tax on operating loss	1,912,995
Transfer tax losses to deferred tax asset	162,463
At reporting date	2,075,458

For personal use only

4. Dividends

a) Ordinary dividends paid during the period

	2022 \$
Interim dividend FY2022: 1.0 cents per share fully franked at 30% tax rate, paid 14 April 2022	1,800,000

b) Dividends not recognised at period end

	2022 \$
In addition to the above dividend, since the end of the period, the Directors have declared a 2.0 cents per share fully franked final dividend, which have not been recognised as a liability at the end of the financial period:	3,602,515

c) Dividend franking account

	2022 \$
Balance of franking account at period end	1,799,285
Adjusted for franking credits arising from:	
- Estimated income tax payable	2,075,458
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(1,543,935)
	2,330,808

The Company's ability to continue paying fully franked dividends is dependent on generating additional profits reserves and franking credits. The ability to generate franking credits is reliant on the receipt of franked dividends from investee companies and the payment of tax on profits.

The balance of the franking account does not include tax to be paid on unrealised investment gains at the end of the reporting period. As at 30 June 2022, the deferred tax in relation to fair value movements on the investment portfolio is in a debit balance of \$10,682,766 and this amount has been presented as a deferred tax asset.

5. Auditor's remuneration

	2022 \$
Remuneration of the auditor for:	
Auditing and reviewing the financial report	48,429
Other services provided by a related practice of the auditor:	
Taxation services	12,623*
Investigating accountant's fee on initial public offering	24,200
	85,252

*Includes fees paid for the lodgement of the Company's FY2021 income tax return.

For personal use only

5. Auditor's remuneration (cont'd)

The Company's Board of Directors oversees the relationship with the Company's external auditors. 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

	2022 \$
Current:	
Outstanding settlements	-
Repayment of offer costs receivable	932,244
Investment income receivable	59,367
GST receivable	39,677
	1,031,288
Non-current:	
Repayment of offer costs receivable	466,122
	466,122

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 transaction. Investment income receivable relates to interest, dividend and trust distributions receivable at the end of the reporting period.

Under the investment management agreement, the Investment Manager has agreed to be responsible for the payment of the offer costs relating to the IPO that the Company would normally be liable for. These costs were paid upfront by the Company however, the Investment Manager will repay the offer costs to the Company in 30 equal monthly repayments. The total offer costs in relation to the initial public offering were \$2,342,122 (\$1,639,485 net of tax) with \$943,756 being repaid during the period to 30 June 2022 by the Investment Manager. The remaining balance to be repaid by the Investment Manager is included in the repayment of offer costs receivable as at the end of the period (current repayment of offer costs receivable: \$932,244, non-current repayment of offer costs receivable: \$466,122).

7. Financial assets

	2022 \$
Listed investments at fair value	119,323,662
	119,323,662

The market values of individual investments held at the end of the reporting period are disclosed on page 55 of the Financial Report.

8. Trade and other payables

	2022 \$
Outstanding settlements	-
Sundry payables	177,929
Management fee payable	153,862
	331,791

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 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**

	2022 \$
180,125,761 ordinary shares fully paid	225,147,829

b) Movement in issued capital

	2022 \$
1 ordinary share issued on 30 March 2021 (incorporation date)	1
180,000,000 ordinary shares issued on 22 June 2021 under the initial public offering	225,000,000
125,760 ordinary shares issued 14 April 2022 under a dividend reinvestment plan	147,828
At reporting date	225,147,829

c) Share issue

During the period ended 30 June 2022, the Company successfully concluded its IPO in accordance with the Replacement Prospectus dated 17 May 2021 that sought to raise up to \$225 million. The IPO was oversubscribed and the Company raised \$225 million pursuant to the offer by the issue of 180,000,000 ordinary fully paid shares at an issue price of \$1.25 per share. The shares were allotted to shareholders on 22 June 2021 and began trading on 28 June 2021.

For personal use only

9. Issued capital (cont'd)**d) Capital management**

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, options 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 reserve2022
\$

Profits reserve	6,540,428
-----------------	------------------

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

2022
\$**Movement in profits reserve**

Balance at the beginning of the period	-
Transfer of profits during the period	8,340,428
Interim dividend paid (refer to note 4(a))	(1,800,000)
At reporting date	6,540,428

11. Accumulated losses2022
\$

Balance at the beginning of the period	-
Loss for the year attributable to members of the Company	(14,487,574)
Transfer to profits reserve	(8,340,428)
At reporting date	(22,828,002)

For personal use only

12. Cash and cash equivalents

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

	2022 \$
Cash at bank and on hand	19,591,306
Term deposits	60,000,000
	79,591,306

The weighted average interest rate for cash and term deposits as at 30 June 2022 is 1.86%. The term deposits have an average maturity of 90 days. All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating.

13. Cash flow information

	2022 \$
Reconciliation of loss after tax to cash flow from operations:	
Loss after income tax	(14,487,574)
Fair value losses and movements in financial assets	(119,323,662)
Changes in assets and liabilities:	
Increase in receivables	(99,044)
Increase in deferred tax assets	(10,855,126)
Increase in payables	331,791
Increase in current tax liabilities	2,075,458
Net cash used in operating activities	(142,358,157)

14. Earnings per share

	2022 Cents per share
Basic and diluted loss per share	(9.88)
	2022 \$
Loss after income tax used in the calculation of basic and diluted loss per share	(14,487,574)
	2022 #
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted loss per share	146,616,020

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

The weighted average number of shares used as the denominator in calculating basic earnings per share is based on the average number of shares from 30 March 2021, being the date of incorporation, to 30 June 2022. The basic and diluted loss per share would have been 8.05 cents if calculated from 22 June 2021 (allotment date), as the Company only had one share on issue and no earnings up to this date.

15. Financial risk management

The Company's financial instruments consist of listed investments, trade receivables and trade payables. 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 throughout the first period.

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 provision for impairment of those assets.

For personal use only

15. Financial risk management (cont'd)

a) Credit risk (cont'd)

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 period 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.

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.

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 2022	>1 month \$	<1 month \$	Total \$
Liabilities			
Trade and other payables	-	331,791	331,791
Total	-	331,791	331,791

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 four 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 2022	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.86%	79,591,306	-	79,591,306
Trade and other receivables		-	1,497,410	1,497,410
Financial assets		-	119,323,662	119,323,662
Total		79,591,306	120,821,072	200,412,378
Liabilities				
Trade and other payables		-	331,791	331,791
Total		-	331,791	331,791

(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.

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

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple sectors. The relative weightings of the individual securities and market sectors are reviewed daily and the risk managed on a daily basis.

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 2022 is as below:

Sector	2022 %
LIC/LIT Global Equities	43.5
LIC/LIT Domestic Equities	12.2
Direct Discount Asset	3.7
LIC/LIT Fixed Interest	0.6
Total	60.0

Securities representing over 5% of gross assets of the Company as at 30 June 2022 are set out below:

Company name	2022 %
WAM Global Limited	15.6
VGI Partners Global Investments Limited	8.5
Pengana International Equities Limited	7.5

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 period 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 60.0% of gross assets at period end. At reporting date, if the fair value of each of the investments within the portfolio changed by 5%, the impact on the Company's profit or loss after tax would have been an increase/decrease by \$4,176,328. This would result in the 30 June 2022 net asset backing after tax moving by 2.3 cents per share.

For personal use only

15. Financial risk management (cont'd)

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.

There were no transfers between Level 1 and Level 2 during the period.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 30 June 2022:

30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	119,323,662	-	-	119,323,662
Total	119,323,662	-	-	119,323,662

16. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial period was 777. Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$303,126.

17. Segment reporting

The Company 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 2022.

19. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2022.

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 period are:

- Geoff Wilson AO (appointed 30 March 2021) Chairman
- Kate Thorley (appointed 30 March 2021) Director
- Glen Burge (appointed 30 March 2021) Director

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 21, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the period ended 30 June 2022	45,829	4,582	50,411*

*Includes Directors' fees for the period from date of listing, 28 June 2021 to 30 June 2022.

b) Share holdings

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

Ordinary shares held Directors	Balance at 30 March 2021	Acquisitions	Disposals	Balance at 30 June 2022
Geoff Wilson (appointed 30 March 2021)	1 [†]	4,919,347	-	4,919,348
Kate Thorley (appointed 30 March 2021)	-	100,170	-	100,170
Glenn Burge (appointed 30 March 2021)	-	82,000	-	82,000
	1	5,101,517	-	5,101,518

[†]Sole share on issue in the Company on incorporation.

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 period, 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 entities during the period were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with Wilson Asset Management (International) Pty Limited (the Investment Manager or the Manger). Geoff Wilson is the Director of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Strategic Value Limited. Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

In its capacity as the Manager and in accordance with the investment management agreement, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$2,204,951 inclusive of GST. As at 30 June 2022, the balance payable to the Manager was \$153,862 inclusive of GST.

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the value of the portfolio above the high-water mark.

The high-water mark is the greater of:

- the highest value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus. If the value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered.

No performance fee is payable in respect of any performance period where the value of the portfolio has decreased below the high-water mark over that period. For the period from inception to 30 June 2022, no performance fee was payable to Wilson Asset Management (International) Pty Limited.

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Strategic Value Limited to provide accounting and company secretarial services on commercial terms. For the period from 28 June 2021 to 30 June 2022, the fee for accounting services amounted to \$66,542 inclusive of GST (\$66,000 per annum inclusive of GST) and the fee for company secretarial services amounted to \$27,726 inclusive of GST (\$27,500 per annum inclusive of GST).

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 period, the Directors declared a fully franked final dividend of 2.0 cents per share due to be paid on 28 October 2022.

No other matters or circumstances have arisen since the end of the financial period 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 periods.

Directors' Declaration

The Directors of WAM Strategic Value Limited declare that:

- 1) The financial statements as set out in pages 27 to 48 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 20 to 23, 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 2022 and of its performance, as represented by the results of the operations and the cash flows, for the period 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, Wilson Asset Management (International) Pty Limited declaring that:
 - a) the financial records of the Company for the financial period 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 period comply with the Accounting Standards; and
 - c) the Company's financial statements and notes for the financial period 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 30th day of August 2022

**Independent Auditor's Report
To the Members of WAM Strategic Value Limited
ABN 24 649 096 220**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WAM Strategic Value Limited ("the Company"), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 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 Strategic Value 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 2022 and of its financial performance for the period 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.

For personal use only

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 period. 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.

Key audit matter	How our audit addressed the matter
<p>Existence and Valuation of Financial Assets Refer to Note 7: Financial Assets</p>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>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"> ▪ Obtaining an understanding of and evaluating the design of the investment management processes and controls; ▪ Reviewing and evaluating the independent auditor's report on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodian; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditor's report relate to and obtaining bridging letter; ▪ Obtaining confirmation of the investment holdings directly from the Custodian; ▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent observable pricing sources and inputs; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

For personal use only

Key audit matter	How our audit addressed the matter
Accuracy of Management and Performance Fees	
Refer to Note 8: Trade and other payables and Note 21: Related party transactions	
<p>We focused our audit effort on the accuracy 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 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"> ▪ Obtaining an understanding of and evaluating the design of the processes and controls for calculating the management and performance fees; ▪ 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; ▪ 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; ▪ Testing of key inputs including the value of the portfolio and application of the correct fee percentage in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Financial Report for the period ended 30 June 2022, 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.

For personal use only

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.

For personal use only

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 23 of the Directors' Report for the period ended 30 June 2022. In our opinion, the Remuneration Report of WAM Strategic Value Limited, for the period ended 30 June 2022, 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.



Scott Whiddett
Partner



Pitcher Partners
Sydney

30 August 2022

For personal use only

Investments at market value as at 30 June 2022

Company Name	Code	Market Value \$	% of Gross Assets
LIC/LIT Global Equities			
WAM Global Limited	WGB*	31,107,041	15.6%
VGI Partners Global Investments Limited	VG1	16,964,779	8.5%
Pengana International Equities Limited	PIA	14,924,403	7.5%
VGI Partners Asian Investments Limited	VG8	9,765,655	4.9%
Magellan Global Fund	MGF	4,944,045	2.5%
MFF Capital Limited	MFF	4,386,919	2.2%
Ellerston Asian Investments Limited	EAI	2,463,630	1.2%
Pengana Private Equity Trust	PE1	2,071,073	1.0%
WAM Global Limited Options	WGBO*	17,385	0.1%
		86,644,930	43.5%
LIC/LIT Domestic Equities			
NAOS Small Cap Opportunities Company Limited	NSC	7,855,658	3.9%
QV Equities Limited	QVE	6,612,243	3.3%
Carlton Investments Limited	CIN	3,159,069	1.6%
Spheria Emerging Companies Limited	SEC	1,653,279	0.8%
L1 Long Short Fund Limited	LSF	1,292,879	0.7%
Thorney Technologies Limited	TEK	1,181,250	0.6%

Company Name	Code	Market Value \$	% of Gross Assets
LIC/LIT Domestic Equities (cont'd)			
Absolute Equity Performance Fund Limited	AEG	1,109,927	0.6%
NGE Capital Limited	NGE	537,829	0.3%
Thorney Opportunities Limited	TOP	479,784	0.2%
Salter Brothers Emerging Company Limited	SB2	338,806	0.2%
		24,220,724	12.2%
Direct Discount Asset			
Global Data Centre Group	GDC	3,492,689	1.8%
AMP Capital Limited	AMP	3,421,125	1.7%
AGL Energy Limited	AGL	371,250	0.2%
		7,285,064	3.7%
LIC/LIT Fixed Interest			
Qualitas Real Estate Income Fund	QRI	1,172,944	0.6%
		1,172,944	0.6%
Total long portfolio		119,323,662	60.0%
Total cash and cash equivalents, income receivable and net outstanding settlements		79,690,350	40.0%
Gross assets		199,014,012	100.0%

*WAM Strategic Value received WAM Global shares and options as scrip consideration for Templeton Global Growth Fund shares held. The total number of stocks held at the end of the financial period was 23.

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 2022) - there are currently no substantial shareholders.

On-market buy back (as at 31 July 2022) - there is no current on-market buy back.

Distribution of shareholders (as at 31 July 2022)

Category	Number of shareholders	% of issued capital held
1 – 1,000	261	0.1%
1,001 – 9,999	2,554	4.0%
10,000 – 99,999	1,752	7.4%
100,000 – 999,999	3,768	60.0%
1,000,000 and over	186	28.5%
	8,521	100.0%

The number of shareholders holding less than marketable parcels is 91.

Twenty largest shareholders – Ordinary shares (as at 31 July 2022)

Name	Number of ordinary shares held	% of issued capital held
Entities associated with Mr Geoff Wilson	4,919,348	2.7%
JP Morgan Nominees Australia	3,693,150	2.1%
BNP Paribas Nominees Pty Limited	2,821,917	1.6%
Netwealth Investments Limited	2,493,882	1.4%
Mrs Kellyanne Dyer	1,400,000	0.8%
Perpetual Corporate Trust Limited	804,457	0.4%
Guwarra Pty Limited	727,886	0.4%
Jontra Holdings Pty Limited	720,000	0.4%
Morman Chan Pty Limited	720,000	0.4%
Boksborg Nominees Pty Limited	695,000	0.4%
HSBC Custody Nominees (Australia) Limited	687,460	0.4%
Takita Exploration Pty Limited	575,283	0.3%
Seweta Pty Limited	555,347	0.3%
QGAS Pty Limited	500,000	0.3%
Lital Pty Limited	450,000	0.2%
Heathers Super Pty Limited	400,000	0.2%
Southern Steel Investments Pty Limited	400,000	0.2%
Greybox Holdings Pty Limited	400,000	0.2%
Malicuff Pty Limited	374,000	0.2%
Ms Sibila Espinosa	370,000	0.2%
	23,707,729	13.1%

Stock exchange listing

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

For personal use only

Wilson Asset Management

Level 26, Governor Phillip Tower
1 Farrer Place, Sydney NSW 2000
E info@wilsonassetmanagement.com.au
T + 61 2 9247 6755

wilsonassetmanagement.com.au