IIR LMI Monthly Update May 2026

Listed Investment Companies & Trusts

1. Introduction

May 2026 reinforced the structural transition occurring across the Australian listed investment company and listed investment trust market. The dominant issues remain persistent discounts to net tangible assets (NTA), capital-management discipline, merger activity, manager alignment, portfolio-manager continuity and the relative competitiveness of LIC/LIT structures versus ETFs and active ETFs.

The market environment remains constructive for vehicles with clearly articulated income objectives, disciplined capital management, transparent NTA disclosure and differentiated investment capability. Conversely, where listed vehicles overlap with lower-cost, more liquid alternatives, investor scrutiny of the listed wrapper remains elevated.

IIR notes that this is not a period of structural decline for the sector, but rather a period of structural recalibration. The vehicles best positioned for continued investor support are those that combine investment capability with active governance of the listed structure itself.

Analyst view: *The key message for brokers is that listed-vehicle structure now matters almost as much as manager quality. The market is increasingly assessing the whole product: portfolio, fees, liquidity, dividend profile, board response and discount/premium management.*

2. LMI Market Update

ASX investment-product market capitalisation remains substantial and continues to be supported by the growth of ETFs, active ETFs, listed credit vehicles and specialist income strategies. Traditional LICs continue to operate in a more competitive capital-allocation environment, especially where investment mandates are readily replicable through ETFs or active ETFs.

During the period, key developments included implementation of the AUI–DUI merger, expanded buy-back activity across traditional LICs, ongoing NTA disclosure across global and alternative LICs, a material capital-management proposal from Pengana International Equities, new issuance in income and thematic listed vehicles, and continued investor interest in private-credit structures.

The strongest demand remains evident in vehicles that provide regular income, clear tax/franking attributes, differentiated portfolio access, or an established record of shareholder engagement.

Discount management moved further into mainstream boardroom practice, with buy-backs and structural proposals increasingly common.

Premium-to-NTA outcomes remain concentrated in a smaller number of vehicles with strong retail support, dividend records and brand recognition.

Listed credit and private-credit income vehicles remain comparatively well supported, although rate-cycle sensitivity is becoming more relevant.

Specialist and thematic vehicles continue to attract interest where the investment proposition is distinct and difficult to replicate efficiently through ETFs.

3. Corporate Activity and Capital Management

The implementation of the Australian United Investments and Diversified United Investments merger remains the key sector transaction. The merger reflects a broader industry focus on scale, cost efficiency, liquidity and shareholder alignment. While the transaction is specific to the two companies involved, it is an important precedent for the broader sector because it demonstrates that boards can use structural solutions to improve the long-term position of shareholders.

Pengana International Equities announced a capital-management proposal and manager-transition initiative designed to address its persistent discount to NTA. The proposal includes an equal-access off-market buy-back mechanism and changes to the underlying manager arrangements. This represents one of the more material issuer-led discount-management proposals in the current cycle and should be monitored closely for shareholder response and implementation outcomes.

Traditional LIC buy-back activity also remained notable, with AFI, ARG, AMH, DJW and MEC among vehicles lodging buy-back or capital-management updates during the review period. These initiatives reinforce that discount management has become a mainstream governance topic rather than an isolated response by under-pressure vehicles.

Analyst view: *The most constructive interpretation is that boards are increasingly engaging with market structure in a disciplined way. The more cautious interpretation is that buy-backs must be material enough to influence outcomes; otherwise, they risk being viewed as signalling rather than substantive capital management.*

4. Sector View – LIC / LIT Market

The LIC/LIT market is increasingly bifurcated. On one side are vehicles with strong investor engagement, income relevance, differentiated exposure, active capital management and a clear role in portfolios. On the other side are vehicles where the listed structure is less clearly differentiated from ETF or active ETF alternatives.

IIR expects continued focus on five themes: discount/premium management, portfolio-manager stability, dividend/distribution sustainability, shareholder communication, and the ability of boards to respond constructively to changing market conditions.

It is important to frame this sector transition in balanced terms. Persistent discounts do not necessarily imply weak portfolio management; rather, they often reflect a combination of structure, liquidity, shareholder-base composition, mandate substitutability and prevailing investor preferences. Similarly, premiums to NTA can reflect strong franchise value and dividend credibility, but elevated premiums may increase sensitivity to changes in performance or distribution expectations.

Analyst view: *The most useful analytical lens is not simply whether a LIC trades at a discount or premium, but whether the board and manager have credible tools to influence that outcome over time.*

5. Premium / Discount and NTA Watch

Premium-to-NTA trading remains most evident in vehicles with strong retail distribution and dividend support, especially within the Wilson Asset Management stable. WAM Capital, WAM Research, WAM Microcap and WAM Leaders remain important premium-watch names. These premiums appear to reflect investor confidence in the Wilson platform, dividend profile, shareholder communication and long-standing retail engagement.

While these are positive signals of market support, IIR notes that premium-to-NTA entry points require care. Elevated premiums increase valuation sensitivity if market conditions, dividend expectations or portfolio performance change. This should be presented as a normal valuation consideration rather than criticism of the manager or vehicle.

On the discount side, vehicles such as PE1, PIA, VG1, RF1, RG8 and a range of global equity LICs illustrate the continuing importance of capital management, portfolio transparency and structural catalysts. The key issue is not whether discounts exist, but whether the path to narrowing is credible, measurable and aligned with shareholder interests.

Analyst view: *A monthly IIR Discount and Premium Watch would add considerable value. It should distinguish between managed discounts, unmanaged discounts, premium valuation risk and structural catalysts.*

6. Australian Shares – Large Cap

Australian Foundation Investment Company (AFI) remains a core internally managed Australian equity LIC with scale, a long dividend history and a low-cost structure. Recent NTA and buy-back updates indicate continued board focus on capital efficiency. AFI remains a high-quality reference vehicle for the sector, though the broader discount environment remains relevant.

Argo Investments (ARG) remains similarly positioned as a large, low-cost, internally managed LIC with a long-established shareholder base and income orientation. Recent buy-back and NTA updates reinforce that even the largest traditional LICs are actively engaging with discount dynamics.

WAM Leaders (WLE) remains a large-cap Australian equity vehicle within the Wilson Asset Management suite. Investor support continues to reflect WAM's shareholder engagement model and dividend focus. The vehicle should be monitored for premium/discount movement relative to broader large-cap LIC peers.

BKI Investment Company (BKI) remains a conservatively managed Australian equity LIC with a long-term income orientation. The investment case remains centred on dividend reliability, portfolio quality and low turnover. Discount dynamics remain a sector-wide consideration rather than a vehicle-specific concern.

Australian United Investments (AUI) is now central to sector commentary following implementation of the DUI merger. The combined entity should benefit from enhanced scale and operating efficiency. Diversified United Investments (DUI) should be treated as an historical coverage item post-merger implementation rather than analysed as a standalone ongoing listed vehicle.

Plato Income Maximiser (PL8) and Switzer Dividend Growth Fund (SWTZ) remain income-oriented domestic equity vehicles. Their relevance is supported by investor demand for franked income, although active ETF competition and income sustainability should remain ongoing analytical considerations.

Djerriwarrh Investments (DJW), Whitefield Industrials (WHF), Perpetual Equity Investment Company (PIC), AMCIL (AMH), Flagship Investments (FSI) and Mirrabooka (MIR) continue to provide varied forms of Australian equity exposure, ranging from enhanced income to industrials, active value, small/mid-cap and long-term growth-oriented mandates.

Analyst view: *The traditional Australian equity LIC cohort remains credible, but the basis of assessment is changing. Low fees and dividend heritage remain valuable, while buy-back discipline, shareholder communication and scale are becoming more important determinants of investor support.*

7. Australian Shares – Mid / Small Cap

WAM Capital (WAM), Ophir High Conviction Fund (OPH), Future Generation Australia (FGX), WAM Microcap (WMI), WAM Research (WAX), Whitefield Income (WHI), Sandon Capital Investments (SNC), WAM Active (WAA) and ECP Emerging Growth (ECP) provide IIR's core mid/small-cap and emerging-company coverage.

WAM Capital remains one of the most visible premium-to-NTA vehicles in the domestic LIC market. Investor support reflects the long-term strength of the WAM platform, dividend record and retail shareholder engagement. The premium remains a positive signal of franchise strength, while also requiring valuation discipline for new investors.

WAM Research remains one of the clearest premium-to-NTA examples in the IIR universe. The research-driven process, dividend profile and WAM distribution strength continue to support investor interest. IIR should frame the premium as evidence of market confidence while noting that elevated premiums may increase sensitivity to future performance or dividend-expectation changes.

WAM Microcap remains a differentiated micro-cap exposure with a more specialist risk/return profile. Market support has historically reflected WAM's research capability and dividend management, though micro-cap liquidity and cyclical conditions remain relevant.

Ophir High Conviction remains leveraged to small-cap and growth-equity sentiment. The vehicle continues to offer access to a specialist manager, with investor outcomes sensitive to domestic and global growth-equity conditions.

Future Generation Australia remains differentiated by its philanthropic model and pro bono manager structure. The social-impact overlay remains a meaningful point of differentiation, although investors continue to assess performance, dividends and NTA outcomes in conventional terms.

Sandon Capital is differentiated by activist and event-driven investment capability. This can provide potential catalysts, although timing of value realisation may be variable. ECP Emerging Growth and Flagship Investments remain smaller vehicles where liquidity and market awareness are important considerations alongside portfolio performance.

Analyst view: *The smaller-company LIC segment is inherently more cyclical and liquidity-sensitive. The strongest positioning is where manager skill is clearly differentiated and there is active communication around portfolio catalysts.*

8. International Shares – Diversified

WAM Global (WGB), Hearts & Minds Investments (HM1), Future Generation Global (FGG), WCM Global Growth (WQG), Platinum Capital (PMC) and WCM Quality Global Growth Fund (Quoted Managed Fund) (WCMQ) represent the core diversified international equity coverage universe.

WAM Global continues to benefit from the broader WAM platform, while remaining exposed to global equity market conditions and discount/premium dynamics.

Hearts & Minds remains differentiated by its high-conviction portfolio and charitable contribution structure. Recent monthly updates showed the portfolio moving with global market conditions. IIR should continue to separate the strength of the purpose-led model from conventional analysis of performance, NTA and share-price behaviour.

Future Generation Global also retains strong differentiation through its social-impact model, including manager fee waivers and charitable contributions. The vehicle remains relevant for investors seeking both global exposure and social return, but NTA performance and discount management remain important.

WCM Global Growth (WQG) continues to illustrate the structural comparison between LIC and active ETF access, given the availability of

WCM-related capability through WCMQ. This does not diminish WQG's investment proposition, but it makes wrapper value, dividend policy and capital management more important.

Platinum Capital remains a manager-transition and platform-watch name following broader developments involving Platinum and L1 Group. The key issues are investment-team stability, mandate continuity, shareholder communication and the extent to which the platform transition strengthens the long-term proposition.

Analyst view: *Global equity LICs face the most direct ETF competition. The strongest vehicles will be those with clear differentiation, brand strength, capital-management discipline or purpose-led features that justify the listed structure.*

9. International ESG / Emerging Markets / Specialist

Pengana International Equities (PIA) is the most material update in this section. The capital-management proposal and manager transition represent a substantive response to the vehicle's persistent discount to NTA. The proposed equal-access buy-back and new manager arrangements should be treated as a constructive attempt to enhance shareholder outcomes, subject to implementation and shareholder approval considerations.

Platinum Asia Investments (PAI) requires coverage-list housekeeping following scheme and delisting-related activity. IIR should ensure the coverage universe is updated so that PAI is not treated as an ordinary ongoing listed vehicle if its listing status has changed.

Argo Global Listed Infrastructure (ALI) continues to provide exposure to global infrastructure and utility-sector themes. The strategy remains relevant for investors seeking defensive global real-asset exposure, though interest-rate sensitivity and currency movements remain key considerations.

Tribeca Global Natural Resources (TGF) remains a specialist resources and natural-resources exposure. The strategy benefits from thematic relevance when commodity and resource-equity volatility creates opportunity, but remains cyclical and higher volatility than diversified global equity strategies.

Global Masters Fund (GFL) remains a niche specialist vehicle. Its role in portfolios should be assessed in the context of liquidity, underlying exposure and the degree of differentiation relative to more liquid international equity alternatives.

Analyst view: *The specialist international cohort should be judged less against broad global equity beta and more against whether the mandate provides differentiated portfolio utility that investors cannot easily replicate elsewhere.*

10. Absolute Return and Alternatives

PM Capital Global Opportunities Fund (PGF), Regal Investment Fund (RF1), VGI Partners Global Investments (VG1) and Regal Asian Investments (RG8) remain the key absolute return and alternatives-oriented vehicles in the IIR coverage universe.

RF1 continued active NTA disclosure and capital-management activity. The vehicle remains relevant as a multi-strategy alternative exposure with the ability to access return streams outside conventional long-only equities. IIR should continue to monitor discount-management activity, liquidity and performance contribution across underlying strategies.

RG8 remains a concentrated Asian equities and long/short exposure managed by Regal. The vehicle has continued to publish NTA information and engage in capital-management activity. Discount levels remain a relevant valuation consideration, while the strategy requires investors to be comfortable with concentration, regional exposure and short-selling dynamics.

VG1 remains linked to the VGI/Regal platform transition story and should be monitored for portfolio positioning, manager communication and discount dynamics.

PGF remains a differentiated global opportunities strategy. Investor focus should remain on long-term performance consistency, portfolio positioning and whether the listed vehicle structure remains aligned with shareholder expectations.

Analyst view: *Alternative LICs can justify the listed wrapper where they provide hard-to-access return streams. However, transparency, liquidity and capital-management credibility are important to maintain investor confidence.*

11. Fixed Income and Credit LITs

Metrics Master Income Trust (MXT), Gryphon Capital Income Trust (GCI), Qualitas Real Estate Income Fund (QRI), KKR Credit Income Trust (KKC), Metrics Income Opportunities Trust (MOT) and Perpetual Credit Income Trust (PCI) remain among the most structurally supported vehicles in the IIR coverage universe.

The segment continues to benefit from investor demand for regular income, floating-rate exposure, relatively stable NAVs and lower correlation to listed equity markets. This makes the credit LIT segment one of the clearer areas of structural relevance within the listed investment market.

MXT and MOT remain supported by Metrics' institutional origination capability and investor demand for private-credit income. GCI remains differentiated by its RMBS/ABS focus and conservative positioning, which was highlighted in the April IIR report. QRI continues to provide real-estate-backed income exposure, while PCI and KKC provide diversified institutional credit exposures.

The key medium-term consideration remains the rate cycle. Should cash rates decline materially, distribution levels may compress, although floating-rate income vehicles may still retain appeal relative to traditional fixed income where credit selection and risk management remain strong.

Analyst view: *Credit LITs are currently among the more structurally defensible listed vehicles. The newsletter should maintain a balanced tone: income relevance remains strong, but credit-cycle, liquidity and rate-cycle risks should be acknowledged.*

12. Private Equity and Other Specialists

Pengana Private Equity Trust (PE1), Bailador Technology Investments (BTI), WAM Strategic Value (WAR) and WAM Income Maximiser (WMX) complete the broader IIR coverage universe across private equity, technology, discount-focused strategies and income maximisation.

PE1 remains a differentiated listed access point to global private-market investments through Grosvenor Capital Management. The vehicle provides portfolio diversification benefits, although the market continues to apply caution to listed private-market structures where realisations are longer-dated and underlying valuation transparency is naturally more limited than listed equities.

BTI remains exposed to technology-sector valuation cycles, portfolio-company funding conditions and the timing of exits or liquidity events. The vehicle can provide differentiated growth exposure, but investor expectations need to reflect the periodic nature of private technology company realisations.

WAR remains strategically relevant in the current sector environment because its mandate focuses on listed closed-end funds trading at discounts. In a market where discounts remain common, WAR's opportunity set may remain attractive, subject to execution, governance considerations and portfolio concentration.

WMX remains an income-focused Wilson vehicle. Its relevance should be considered in the context of investor demand for franked income, WAM platform support and the broader competitive landscape for income-oriented listed products.

Analyst view: *Private-market and specialist vehicles require particularly careful language. The analytical focus should be on realisation timing, valuation transparency, shareholder communication and portfolio differentiation rather than blunt statements about discount persistence.*

13. New and Emerging LIC / LIT Activity Outside IIR Coverage

Several non-covered or newly listed vehicles are relevant to sector positioning.

Solaris Australian Equity Income Plus (SET) commenced trading during April 2026 and targets monthly franked income and long-term capital growth. The offer raised approximately $190 million and is directly aligned with ongoing demand for domestic equity income and franking-aware strategies.

L1 Gold Fund (LGF) completed a large IPO and provides investors with access to an actively managed gold-sector and precious-metals securities strategy. Founder commitment and the scale of demand were positive features, although the strategy remains thematically concentrated and will likely be sensitive to gold price, resource-equity and risk-appetite cycles.

Revolution Private Credit Income Trust (REV) continued to expand through capital-raising activity, reinforcing demand for listed private-credit income exposures. The placement was structured around NTA and manager support for costs was noted in public materials.

IIR expects future issuance to remain concentrated in income, credit, specialist thematic exposures and differentiated alternatives. Generic long-only global equity LIC issuance is likely to remain more challenging unless supported by a highly differentiated manager, capital-management structure or distribution profile.

Analyst view: *New issuance is not dead; it has simply become more selective. The market will support vehicles where the value proposition is clear, timely and difficult to replicate efficiently through existing products.*

14. Coverage Universe Snapshot

15. Conclusion

May 2026 confirms that the Australian listed investment market remains in a period of structural transition rather than structural decline. The more constructive interpretation is that the sector is becoming more disciplined, more transparent and more responsive to shareholder expectations.

Managers and boards across the IIR coverage universe continue to demonstrate a range of constructive responses, including buy-backs, enhanced NTA disclosure, shareholder engagement, manager-transition proposals, consolidation activity and renewed focus on distribution sustainability.

For IIR, the analytical opportunity is to frame the sector around structural quality rather than simply performance. The most relevant future research framework should assess: investment capability, NTA performance, discount/premium behaviour, distribution sustainability, liquidity, capital-management discipline, portfolio-manager stability and board responsiveness.

The strongest vehicles are likely to be those able to combine differentiated investment exposure with disciplined management of the listed wrapper. That is the emerging benchmark for the sector.

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Ticker	Category	Current focus	Analyst note
AFI	Aust large cap	Buy-back / discount monitoring	High-quality core LIC; low-cost income credentials remain key.
ARG	Aust large cap	Buy-back / NTA updates	Core traditional LIC; discount management increasingly relevant.
WLE	Aust large cap	Premium/discount watch	WAM platform support and dividend appeal remain central.
BKI	Aust large cap	Routine NTA/dividend focus	Conservative long-term domestic equity exposure.
AUI	Aust large cap	DUI merger implemented	Scale and cost-efficiency case study.
DUI	Aust large cap	Merged into AUI	Treat as historical coverage post-implementation.

Ticker	Category	Current focus	Analyst note
PL8	Aust income	Franking/income strategy	Income appeal; active ETF competition to monitor.
DJW	Aust income	Buy-back / NTA updates	Enhanced-income LIC; capital management relevant.
WHF	Aust industrials	Routine NTA monitoring	Long-term industrials exposure.
PIC	Aust/global equity	Perpetual group change watch	Manager continuity and group restructuring to monitor.
AMH	Small/mid cap	Buy-back / NTA updates	AFIC-associated small/mid-cap exposure.
SWTZ	Aust income	Income-oriented ETF/managed fund	Distribution profile and active ETF competition relevant.
FSI	Aust equity	Liquidity / NTA monitoring	Smaller LIC; market awareness and liquidity important.
WAM	Aust equity	Premium to NTA	Premium reflects WAM franchise; entry valuation sensitivity.
OPH	High conviction	Growth/small cap cycle	Specialist manager; cyclicality relevant.
MIR	Small/mid cap	Routine NTA monitoring	Conservative emerging-company exposure.
FGX	Impact / Aust equity	Social-impact model	Purpose-led differentiation plus conventional NTA metrics.
WMI	Micro-cap	Premium / micro-cap cycle	Differentiated exposure; liquidity cycle relevant.
WAX	Research-driven Aust equity	Premium to NTA	Clear premium vehicle; dividend credibility key.
WHI	Income	Distribution/NTA watch	Income mandate; market liquidity relevant.
SNC	Activist/event driven	Catalyst monitoring	Differentiated activism/event-driven capability.
WAA	Active opportunities	WAM platform / NTA	Flexible active strategy; platform support important.
ECP	Emerging growth	Small-cap cycle	Concentrated growth exposure; market cycle relevant.
ALI	Infrastructure	Rate/currency watch	Global infrastructure defensive exposure.
TGF	Natural resources	Weekly NTA / commodity cycle	Specialist resources strategy; higher cyclicality.
GFL	Global specialist	Liquidity/NTA watch	Niche global exposure; differentiation and liquidity key.
WGB	Global equity	WAM platform / NTA	Global WAM exposure; manager/platform support.
HM1	Global high conviction	Purpose/performance balance	Philanthropic model; performance still central.
FGG	Global impact	Social return / discount watch	Fee-waiver model; NTA and yield remain important.
WQG	Global growth	LIC vs ETF wrapper	Active ETF alternative increases wrapper scrutiny.
PMC	Global equity	L1/Platinum transition watch	Manager continuity and mandate evolution key.
WCMQ	Active ETF	Wrapper comparator	Relevant benchmark for WQG structure.
PIA	International ESG	Buy-back / manager transition	Major discount-management initiative.
PAI	Asia	Scheme/delisting housekeeping	Coverage list should be updated for status.
PGF	Global opportunities	Discount/performance watch	Differentiated global strategy.

Ticker	Category	Current focus	Analyst note
RF1	Alternatives	Buy-back / NTA activity	Multi-strategy alternative exposure.
VG1	Global long/short	Manager/platform transition	Capital management and communication important.
RG8	Asian long/short	Buy-back / NTA updates	Discount opportunity but concentrated regional risk.
MXT	Credit	Daily NAV / income	Core private-credit income exposure.
GCI	RMBS/ABS	Income/NTA stability	Differentiated securitised-credit exposure.
QRI	Real estate credit	Distribution/rate watch	Property-credit exposure; credit cycle relevant.
KKC	Credit	NTA / governance updates	Institutional credit exposure; admin changes to monitor.
MOT	Credit opportunities	Daily NAV / income	Higher-return private-credit exposure.
PCI	Credit	Income/rate watch	Diversified credit portfolio; rate sensitivity relevant.
PE1	Private equity	Discount / realisations	Diversified private markets; realisation timing central.
BTI	Technology PE	Portfolio events	Private tech exposure; exits and funding rounds matter.
WAR	Strategic value	Discount-arbitrage strategy	Well aligned with sector discount opportunity.
WMX	Income maximiser	WAM income platform	Income-oriented strategy; dividend appeal central.

Important Notice - RG 79

In this edition, ratings continue to be referenced; however, we have not presented them in the previously detailed quantitative tabular format. This reflects an ongoing refinement of our research protocols, recognising that ratings are inherently underpinned by both qualitative judgement and quantitative inputs. We are reviewing how this information is presented to ensure appropriate context, balance and alignment with RG 79 and our internal governance standards. Our objective is to ensure that ratings are communicated in a manner that accurately reflects the underlying analysis, rather than as standalone numerical outputs. Revised formats will be introduced as part of our broader methodology enhancements in the coming months.

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