

# Investment Update & Net Tangible Assets Report

AS AT 31 OCTOBER 2015



## Performance

Performance at 31 October 2015	1 Mth	Fin YTD	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio <sup>*</sup>	4.3%	7.6%	6.9%	13.3%	13.6%	11.7%	12.6%
S&P/ASX All Ordinaries Accumulation Index	4.6%	-1.5%	-6.2%	0.4%	9.9%	6.8%	1.9%
<b>Outperformance</b>	<b>-0.3%</b>	<b>+9.1%</b>	<b>+13.1%</b>	<b>+12.9%</b>	<b>+3.7%</b>	<b>+4.9%</b>	<b>+10.7%</b>
UBS Bank Bill Index	0.2%	0.7%	1.1%	2.4%	2.7%	3.5%	4.1%
<b>Outperformance</b>	<b>+4.1%</b>	<b>+6.9%</b>	<b>+5.8%</b>	<b>+10.9%</b>	<b>+10.9%</b>	<b>+8.2%</b>	<b>+8.5%</b>

<sup>\*</sup> Investment performance and Index returns are before expenses, fees and taxes.

## Net Tangible Assets (NTA) figures

The following NTA figures are after the 2.5 cents per share fully franked final dividend paid on 30 October 2015.

NTA before tax	101.29c
NTA after tax and before tax on unrealised gains	101.53c <sup>*</sup>
NTA after tax	101.47c <sup>**</sup>

<sup>\*</sup> Includes tax assets of 0.24 cents per share.

<sup>\*\*</sup> Includes the net effect of 0.24 cents of tax assets and 0.06 cents of tax liabilities per share.

## Market overview

The Australian equity market improved in October as it came close to recovering the 5.8% fall in the first quarter of the 2015-16 financial year. The S&P/ASX All Ordinaries Accumulation Index gained 4.6% for the month, the best monthly performance in over two years.

Economic data released included below consensus inflation figures leading to speculation of an interest rate cut by the Reserve Bank of Australia (RBA) on Melbourne Cup day, which did not eventuate. The decision by the major Australian banks to raise mortgage rates increases our view that the RBA may lower the cash rate in the coming months. With mortgage holders effectively receiving a rate rise, we will be monitoring closely the impact this may have on consumer sentiment and the broader economy.

Our discussions with various companies that we have visited recently have been consistent in their feedback with economic conditions remaining patchy. The mining sector remains very weak while select retail stocks continue to benefit from low interest rates. It appears this housing cycle has peaked and as such we have seen stocks in this sector underperform over the last six months. Recent falls in auction clearance rates in Sydney are a clear sign of this.

We believe that in this subdued economic environment investment opportunities will continue to present themselves. We remain well positioned with our high levels of cash to preserve capital and take opportunities as they arise.

### WAM Active Limited

ASX Code	WAA
Listed	Jan 2008
Gross assets	\$36.1m
Market cap	\$34.4m
Share price	\$0.985
NTA before tax	\$1.01
Shares on issue	34,909,728
Fully franked final dividend (FY2015)	2.5c

### Investment objectives

- Deliver a regular income stream via fully franked dividends
- Provide a positive return with low volatility, after fees, over most periods of time
- Preserve capital

### Company overview

WAM Active Limited (ASX: WAA) is a Listed Investment Company managed by Wilson Asset Management Group. Listed in January 2008, WAA provides investors with exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets.

### Investment & Management Team

#### Geoff Wilson

Chairman/Portfolio Manager

#### Kate Thorley

Chief Executive Officer/  
Company Secretary

#### Chris Stott

Chief Investment Officer/  
Portfolio Manager

#### Martin Hickson

Senior Equity Analyst/Dealer

#### Matthew Haupt

Senior Equity Analyst

#### Tobias Yao

Equity Analyst

#### James McNamara

Communications Manager

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## Diversified portfolio

Investment Type	September 2015		October 2015	
	\$m	%	\$m	%
Listed Equities	25.6	71.1	29.7	79.5
Fixed Interest & Cash	10.4	28.9	7.7	20.5
Long Portfolio	36.0	100.0	37.4	100.0
Short Portfolio	(0.7)	(1.9)	(1.3)	(3.6)
Gross Assets	\$35.3m		\$36.1m*	
Total shares on issue	34,693,760		34,909,728**	

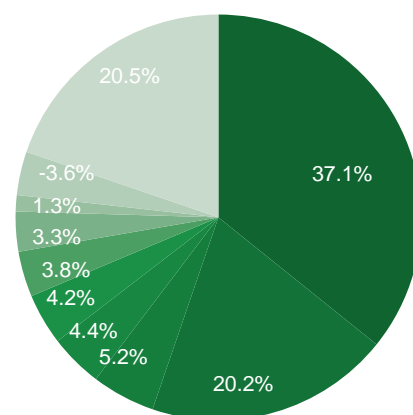
\*This figure is after the 2.5 cents per share (\$659k) fully franked final dividend paid during the month.

\*\*During the month, 216k shares were issued from the Dividend Reinvestment Plan (DRP) for the final dividend.

## Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	2,635,312	7.3%
CYA	Century Australia Investments Limited	1,476,644	4.1%
NUF	Nufarm Limited	1,233,110	3.4%
AOG	Aveo Group	1,023,342	2.8%
MYR	Myer Holdings Limited	1,006,831	2.8%
ALL	Aristocrat Leisure Limited	900,219	2.5%
GTY	Gateway Lifestyle Group	865,027	2.4%
OFX	Ozforex Group Limited	802,081	2.2%
XRO	Xero Limited	777,720	2.2%
PMV	Premier Investments Limited	777,058	2.2%
LLC	Lend Lease Group	772,720	2.1%
MQG	Macquarie Group Limited	772,414	2.1%
PPT	Perpetual Limited	757,317	2.1%
SPO	Spotless Group Holdings Limited	747,693	2.1%
CBA	Commonwealth Bank of Australia	745,355	2.1%
HFA	HFA Holdings Limited	740,319	2.1%
MYX	Mayne Pharma Group Limited	738,733	2.0%
FLT	Flight Centre Travel Group Limited	725,338	2.0%
SGF	SG Fleet Group Limited	695,590	1.9%
DMP	Domino's Pizza Enterprises Limited	694,705	1.9%

## Sector allocation



- Financials 37.1%
- Consumer Discretionary 20.2%
- Industrials 5.2%
- Information Technology 4.4%
- Consumer Staples 4.2%
- Health Care 3.8%
- Materials 3.3%
- Energy 1.3%
- Short Stock -3.6%
- Cash and Fixed Interest 20.5%

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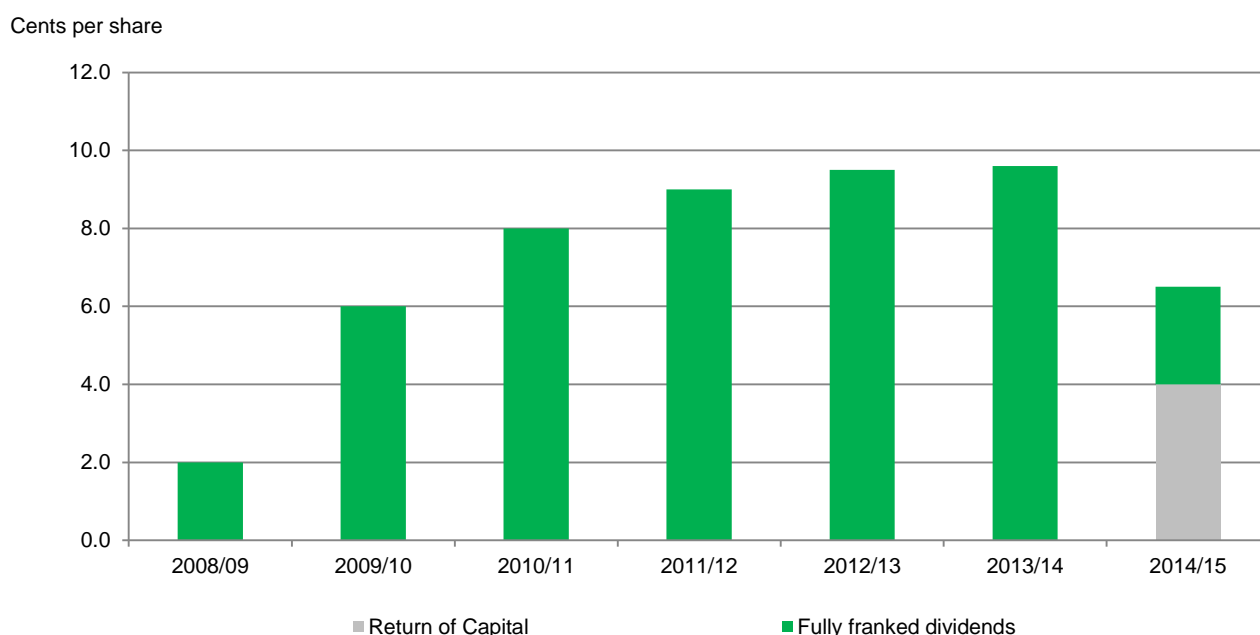
AS AT 31 OCTOBER 2015



## Dividends

On 30 October 2015, the Company paid a fully franked final dividend for FY15 of 2.5 cents per share. The Directors intend to pay an interim dividend in FY2016, which will be announced with the release of WAA's half year results in February 2016, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are usually paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

## WAM Active dividends since inception



## Upcoming investor presentations

Date	City	Location	Time
Thursday 19 November 2015	Perth	Parmelia Hilton 14 Mill Street	10:00am – 12:00pm
Tuesday 24 November 2015	Sydney	Wesley Centre Auditorium 220 Pitt Street	WAA AGM 9:30am – 10:00am Presentation 11:00am – 12:30pm
Wednesday 25 November 2015	Adelaide	The Playford 120 North Terrace	10:00am – 12:00pm
Thursday 26 November 2015	Melbourne	Rydges Melbourne 186 Exhibition Street	10:00am – 12:00pm
Friday 27 November 2015	Brisbane	Brisbane Convention & Exhibition Centre Cnr Merivale & Glenelg Street South Bank	10:00am – 12:00pm
Monday 30 November 2015	Canberra	Belconnen Premier Inn 110 Benjamin Way Belconnen	10:00am – 12:00pm

If you wish to attend one of our investor presentations, please RSVP by email to [info@wamfunds.com.au](mailto:info@wamfunds.com.au) or call our office on (02) 9247 6755.