

Investment update

As at 31 May 2017



wilsonassetmanagement.com.au

ABN 49 126 420 719

Snapshot

Pre-tax net tangible assets

\$1.05

Fully franked
dividend yield

5.1%

Gross assets

\$41.7m

Performance
(p.a. since January 2008)

12.6%

WAM Active Limited

ASX code	WAA
Listed	Jan 2008
Gross assets	\$41.7m
Market cap	\$41.9m
Share price (WAA)	\$1.08
Option price (WAAO)	\$0.015
NTA before tax	\$1.05
Shares on issue	38,799,425
Options on issue	31,683,650
Annualised fully franked interim dividend (FY2017)	5.5c
Fully franked dividend yield	5.1%

Investment objectives

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

Wilson Asset Management investment & management team

Geoff Wilson	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Martin Hickson	Head of Trading
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Senior Equity Analyst
Cooper Rogers	Assistant Dealer

Company overview

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

Market overview

The S&P/ASX All Ordinaries Accumulation Index closed down 2.6% for the month, impacted by a sell-off in domestic bank stocks following the proposed levy on the five major banks announced in the Federal Government's budget and mounting concerns around the Australian residential property market. May showed a second consecutive monthly fall in property prices as bank led interest rate increases and Australian Prudential Regulatory Authority (APRA) led lending restrictions on interest-only loans weakened demand. Employment data released by the Australian Bureau of Statistics was stronger than expected, with jobs rising 37,400 and the unemployment rate dropping to 5.7% versus consensus expectations of 5.9%. Positive measures contained in the federal budget included funding for major infrastructure projects. In the US, minutes released by the Federal Reserve indicated officials were in broad agreement at their recent May meeting to shrink the central bank's balance sheet. The majority of officials said it would "soon" be time to raise rates again.

Stock news

During the month, communications equipment company Codan (ASX: CDA) announced it had upgraded its FY17 net profit after tax (NPAT) guidance by 27% from approximately \$35 million to \$44 million. The announcement was driven largely by continued strength in gold detector sales into Africa. We believe Codan will continue to benefit from its superior product range and develop new products to drive growth over the longer term.

Net tangible asset (NTA) figures

The following NTA figures are **after** the 2.75 cents per share fully franked interim dividend paid on 26 May 2017.

NTA before tax	105.24c*
NTA after tax and before tax on unrealised gains	104.37c
NTA after tax	104.36c

*The before tax figure is after the payment of \$130k (0.34 cents per share) in tax during the month. The above figures are not adjusted for the 31,683,650 options on issue with an exercise price of \$1.14.

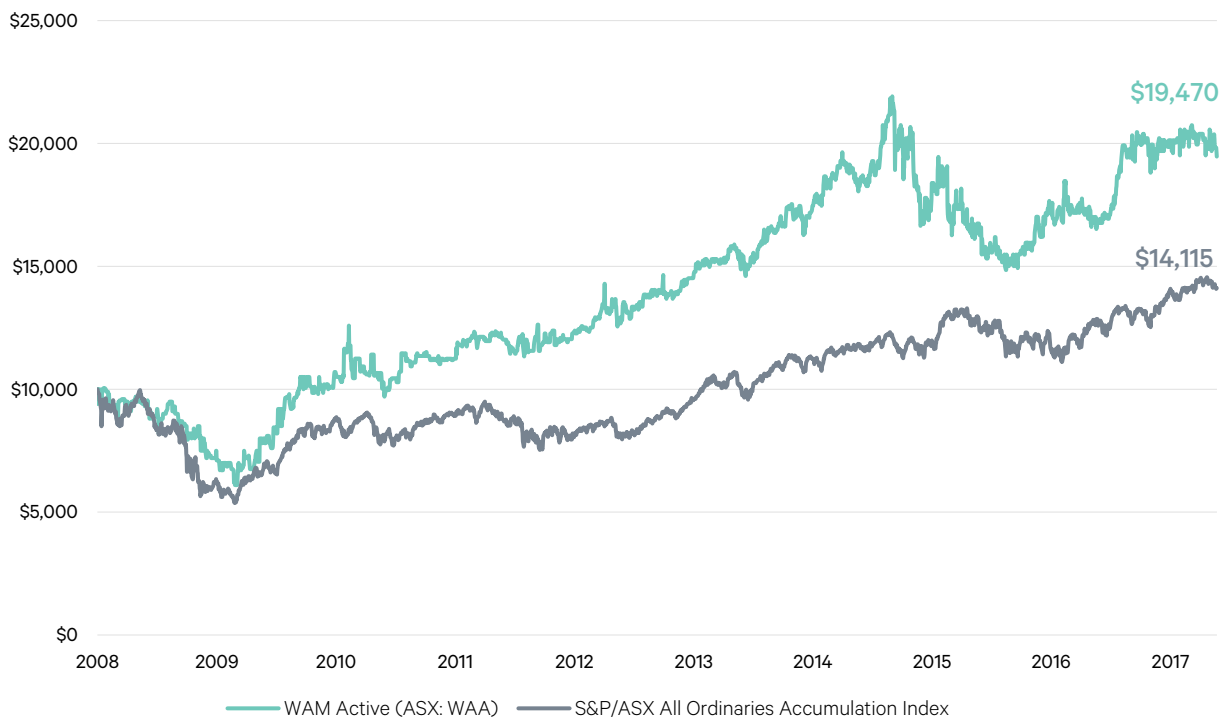
Performance

Performance at 31 May 2017	1 Mth	6 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio*	0.3%	3.3%	10.3%	9.9%	11.4%	13.9%	12.6%
S&P/ASX All Ordinaries Accumulation Index	-2.6%	6.9%	12.8%	10.2%	6.2%	11.6%	3.3%
Outperformance	+2.9%	-3.6%	-2.5%	-0.3%	+5.2%	+2.3%	+9.3%
UBS Bank Bill Index (Cash)	0.1%	0.9%	1.7%	1.8%	2.3%	2.6%	3.7%
Outperformance	+0.2%	+2.4%	+8.6%	+8.1%	+9.1%	+11.3%	+8.9%

*Investment performance and Index returns are before expenses, fees and taxes.

Growth of \$10,000 investment since inception

WAM Active versus the Index



Diversified portfolio

Investment type	April 2017		May 2017	
	\$m	%	\$m	%
Listed equities	24.1	59.7	24.9	59.8
Short portfolio	(1.9)	(4.8)	(1.2)	(2.9)
Fixed interest & cash	18.2	45.1	18.0	43.1
Gross assets	\$40.4	100.0	\$41.7	100.0
Total shares on issue	36,711,476		38,799,425**	

*This figure is after the 2.75 cent per share fully franked interim dividend paid during the month.

**During the month, 1,882,830 options were exercised and allotted. 205,119 shares were also issued via the dividend reinvestment plan.

One-for-one option issue

In August 2016, the Company announced a one-for-one bonus option issue to all shareholders at no cost. Options entitle holders to purchase additional ordinary shares in WAM Active at the exercise price of \$1.14 at any time on or before 17 September 2018. The options trade on the ASX under the code WAAO. The bonus option issue is an effective way to grow the Company and will deliver benefits to shareholders. As the Company's size increases, on-market liquidity for the shares is expected to increase. It will also increase the Company's relevance in the market, improve the prospect of broker and research coverage, and gain interest from financial planners.

Top 20 holdings

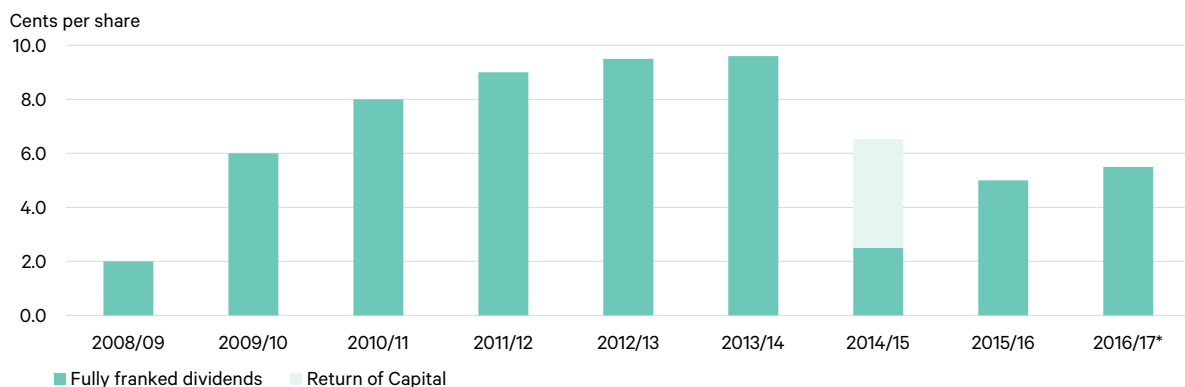
Code	Company	Code	Company
HHV	Hunter Hall Global Value Limited	DOW	Downer EDI Limited
TGG	Templeton Global Growth Fund Limited	CCP	Credit Corp Group Limited
AFY	Afterpay Holdings Limited	TGP	360 Capital Group
FXJ	Fairfax Media Limited	WIC	Westoz Investment Company Limited
FLT	Flight Centre Travel Group Limited	MVF	Monash IVF Group Limited
JHG*	Janus Henderson Group PLC	AGF	AMP Capital China Growth Fund
CPU	Computershare Limited	AOG	Aveo Group
WOW	Woolworths Limited	CAJ	Capital Health Limited
NEC	Nine Entertainment Co Holdings Limited	PIC	Perpetual Equity Investment Company Limited
EHE	Estia Health Limited	SVW	Seven Group Holdings Limited

*The ASX code for this company at 31 May 17 was HGGDA, which changed to JHG on 13 June 2017 as a result of the completed merger between Henderson Group plc and Janus Capital Group Inc.

Fully franked dividends

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices. 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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

Fully franked dividends since inception



*Annualised interim dividend