

# Investment update

As at 31 December 2017



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

ABN 49 126 420 719

## Snapshot

Pre-tax net tangible assets

**\$1.11**

Fully franked  
dividend yield

**4.8%**

Gross assets

**\$45.6m**

Performance  
(p.a. since January 2008)

**13.2%**

## WAM Active Limited

ASX code	WAA
Date of listing	Jan 2008
Gross assets	\$45.6m
Market cap	\$45.9m
Share price (WAA)	\$1.14
Option price (WAAO)	\$0.02
NTA before tax	\$1.11
Shares on issue	40,268,018
Options on issue	30,412,460
Fully franked dividends (FY2017)	5.5c
Fully franked dividend yield	4.8%

## 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	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	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 increased 2.0% in December 2017, to close the calendar year up 12.5%.

During the month, the Reserve Bank of Australia (RBA) left the cash rate unchanged, while reiterating its upbeat outlook for 3% gross domestic product (GDP) growth and rising inflation for the next few years. The Westpac-Melbourne Institute index of consumer sentiment increased to a four-year high, rising 3.6% in December and data from the Australian Bureau of Statistics reported continued and strong growth in Australia's population.

After months of speculation, Amazon officially launched its Australian operations during the month. Domestic retail stocks rallied as the launch failed to inspire confidence in the online retailer.

## Net tangible asset (NTA) figures

NTA before tax	110.66c*
NTA after tax and before tax on unrealised gains	108.61c
NTA after tax	108.60c

\*The NTA before tax figure is after the payment of \$14k (0.04 cents per share) in tax during the month. The above figures are not adjusted for the 30,412,460 options on issue with an exercise price of \$1.14.

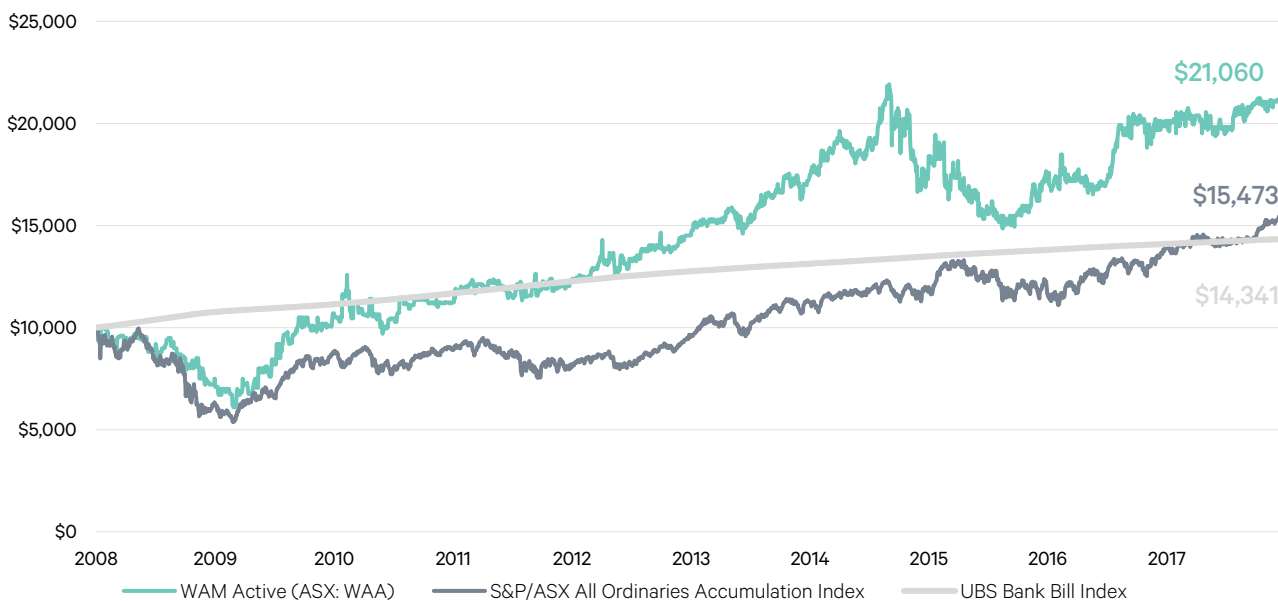
## Performance

Performance at 31 December 2017	1 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio*	1.9%	11.2%	15.5%	15.1%	14.0%	13.2%
S&P/ASX All Ordinaries Accumulation Index	2.0%	9.3%	12.5%	9.2%	10.4%	4.0%
<b>Outperformance</b>	<b>-0.1%</b>	<b>+1.9%</b>	<b>+3.0%</b>	<b>+5.9%</b>	<b>+3.6%</b>	<b>+9.2%</b>
UBS Bank Bill Index (Cash)	0.1%	0.9%	1.8%	2.1%	2.3%	3.6%
<b>Outperformance</b>	<b>+1.8%</b>	<b>+10.3%</b>	<b>+13.7%</b>	<b>+13.0%</b>	<b>+11.7%</b>	<b>+9.6%</b>

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

## Growth of \$10,000 investment since inception

### WAM Active versus the Index



#### Notes:

1. The above graph reflects the period from inception in January 2008 to 31 December 2017.
2. WAM Active's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index and the UBS Bank Bill Index have been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Active portfolio.

## Diversified portfolio

Investment type	November 2017		December 2017	
	\$m	%	\$m	%
Listed equities	36.1	79.9	39.8	87.1
Short portfolio	(0.4)	(1.0)	0.0	0.0
Fixed interest & cash	9.6	21.1	5.8	12.9
<b>Gross assets</b>	<b>\$45.3</b>	<b>100.0</b>	<b>\$45.6*</b>	<b>100.0</b>
<b>Total shares on issue</b>	<b>40,268,018</b>		<b>40,268,018</b>	

\*This figure is after the payment of \$14k in tax for FY18 and \$403k in tax for FY17 during the month.

## 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
PIA	Pengana International Equities Limited	TGP	360 Capital Group Limited
NEC	Nine Entertainment Co. Holdings Limited	WDE	Wealth Defender Equities Limited
SVW	Seven Group Holdings Limited	ALL	Aristocrat Leisure Limited
TGG	Templeton Global Growth Fund Limited	HSD	Healthscope Limited
PTM	Platinum Asset Management Limited	MQA	Macquarie Atlas Roads Group
MQG	Macquarie Group Limited	BLD	Boral Limited
GUD	GUD Holdings Limited	PPC	Peet Limited
PRY	Primary Healthcare Limited	BTT	BT Investment Management Limited
TAH	Tabcorp Holdings Limited	GTY	Gateway Lifestyle Group
MMS	McMillan Shakespeare Limited	AOG	Aveo Group

## 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. 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

