



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NTA – DECEMBER 2011

WAM Active Limited (WAA) offers investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. Since inception WAA has outperformed the overall sharemarket. WAA's portfolio (before all fees, costs, taxes and dividends) has increased by 53.5% compared to a decline of 23.9% in the S&P/ASX All Ordinaries Accumulation Index. The investment objectives are to deliver investors a growing income stream in the form of fully franked dividends and to preserve capital in both the short term and long term.

Performance as at 31 December 2011	1 Mth %	6 Mths %	Fin Ytd %	1 Year %	2 Yrs %pa	3 Yrs %pa	Since Inception (Jan-08) %pa
WAM Active Limited*	-1.0%	+0.3%	+0.3%	-0.4%	+2.9%	+19.3%	+11.3%
S&P/ASX All Ordinaries Accumulation Index	-1.6%	-9.6%	-9.6%	-11.4%	-4.3%	+8.5%	-6.6%
Outperformance	+0.6%	+9.9%	+9.9%	+11.0%	+7.2%	+10.8%	+17.9%

*The change in the gross portfolio before all expenses, fees and taxes.

NTA before tax	107.23c
NTA after tax and before tax on unrealised gains	109.43c*
NTA after tax	108.32c**

* Includes tax assets of 2.20 cents per share.

** Includes the net effect of 2.20 cents of tax assets and 1.11 cents of deferred tax liabilities.

Market Outlook

The markets finished 2011 with a whimper with the S&P/ASX All Ordinaries Accumulation Index down 1.6% for December and down 11.4% for the calendar year 2011. The RBA cut rates by 0.25% at the start of the month which followed up the Melbourne Day rate cut but this did little to improve investor sentiment with retail stocks underperforming. The current European Sovereign debt crisis continued to weigh on equity markets and investor confidence, as it has done for much of year it, which counteracted any positive feeling from the rate cut domestically. A robust solution still has to be found, despite EU heads of state outlining new/improved measures at a meeting in early December. Thus this issue won't be far from investors

Market Outlook (continued)

minds for the first part of 2012 and may continue to weigh on global equity markets generally.

The struggles of Australian retailers were drawn into even sharper focus this month with profit downgrades by Billabong, JB Hi-Fi and Kathmandu. This highlights how the broader economy is struggling excluding the mining sector. With half yearly results due in late January and early February, we expect more negative surprises rather than positive from companies reporting. Given the current headwinds facing equity markets and the global economy, we are maintaining higher than average cash levels while continuing to rigorously research for companies that meet our investment criteria.

Dividends

On 30 September 2011, the Company paid a fully franked final dividend of 4.0 cents per share. This brings the full year dividend to 8.0 cent per share fully franked.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits, and it is within prudent business practices. Dividends are paid on a six-monthly basis. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits.

Providing the company is deemed solvent by the Board, WAA should always be in a position to pay dividends. As at 31 December 2011 WAA currently has franking credits which allow it to pay a dividend equivalent to 10.7 cents per share.

Portfolio Structure

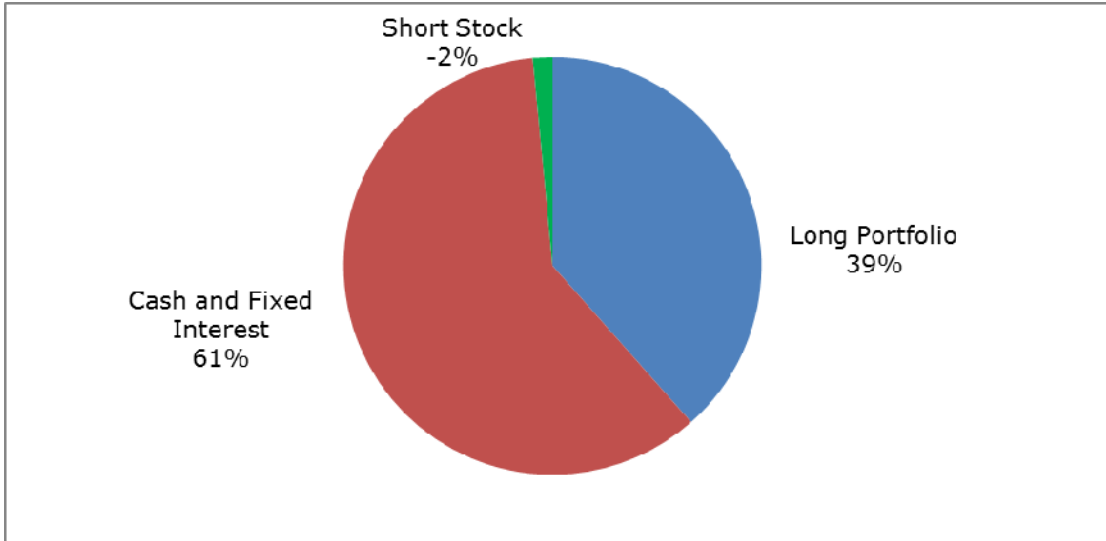
Investment Type	As at 30 Nov 2011		As at 31 Dec 2011	
	\$m	%	\$m	%
Listed Equities	10.4	58.1%	6.9	39.1%
Fixed Interest and Cash	7.5	41.9%	10.8	60.9%
Total Long Portfolio	17.9	100.0%	17.7	100.0%
Total Short Portfolio	(0.2)		(0.3)	
Total Fund Size	\$17.7m		\$17.4m	
	No.		No.	
Total ordinary shares on issue	16,176,213		16,176,213	

Portfolio Structure (continued)

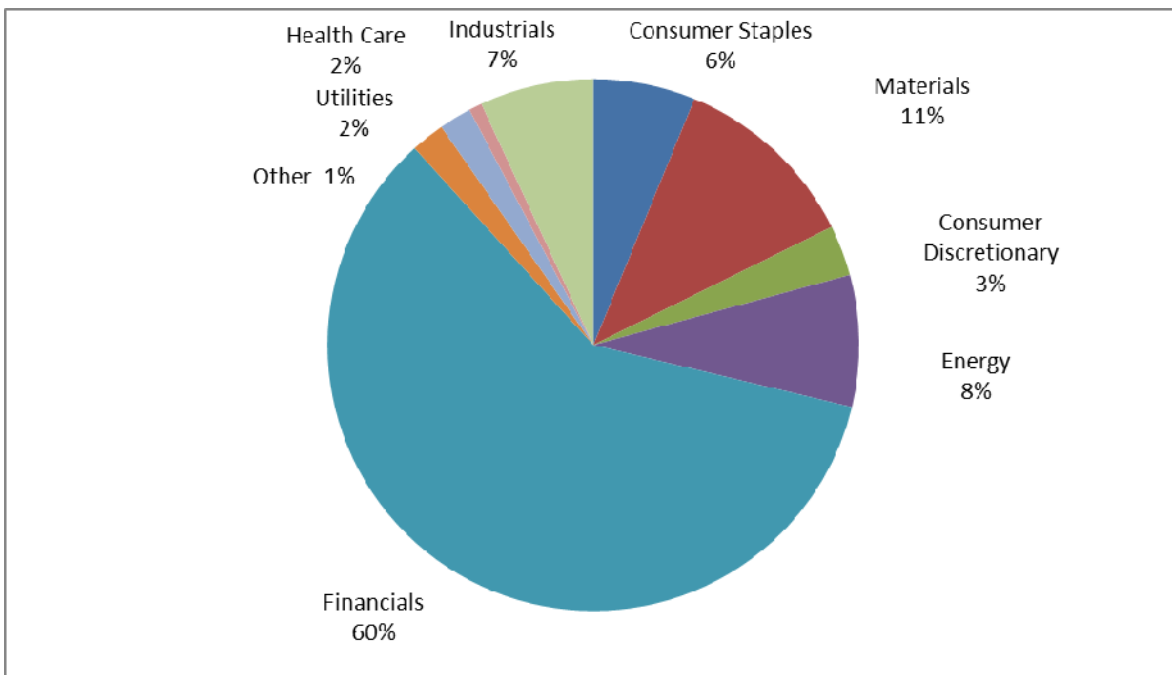
At 31 December 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
SGI	Signature Capital Investments Limited	1,448,762	8.3%
CCQ	Contango Capital Partners Limited	525,690	3.0%
MSF	Maryborough Sugar Factory Limited (The)	430,215	2.5%
BSL	Bluescope Steel Limited	391,838	2.2%
WBC	Westpac Banking Corporation	345,000	2.0%
NAB	National Australia Bank Limited	343,392	2.0%
SDG	Sunland Group Limited	337,763	1.9%
NHC	New Hope Corporation Limited	336,539	1.9%
RHG	RHG Limited	302,237	1.7%
CYG	Coventry Group Limited	211,243	1.2%
MIO	Miclyn Express Offshore Limited	189,381	1.1%
BHP	BHP Billiton Limited	180,705	1.0%
HHY	Hastings High Yield Fund	168,669	1.0%
FMS	Flinders Mines Limited	168,000	1.0%
IMFG	IMF (Australia) Ltd 10.25% Sec Red Conv Note	149,795	0.9%
EPX	Ethane Pipeline Income Fund	141,979	0.8%
FRI	Finbar Group Limited	132,750	0.8%
CLO	Clough Limited	128,467	0.7%
TGP	Trafalgar Corporate Group	124,914	0.7%
PGA	Photon Group Limited	113,563	0.6%

Portfolio Structure – Asset Allocation



Long Portfolio Structure - Sector Allocation



Performance

Set out below is the performance of WAA since listing to 31 December 2011 on a financial year basis. The performance data is before all expenses, fees and taxes and is used as a guide to how the company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

Financial Year	Gross Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	+17.4%
2008/2009	+9.6%	-22.2%	+31.8%
2009/2010	+22.7%	+13.8%	+8.9%
2010/2011	+11.5%	+12.2%	-0.7%
YTD 2011/2012	+0.3%	-9.6%	+9.9%

Monthly Performance Table

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
Gross Portfolio*	+0.3%	+1.2%	+0.5%	+1.6%	+2.4%	-3.7%	-1.1%
All Ords Accum.	-11.2%	+0.3%	-4.1%	+4.6%	+2.5%	-7.3%	-5.2%
	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09
Gross Portfolio*	+0.1%	-3.8%	-5.3%	-5.2%	+3.4%	-1.9%	+0.6%
All Ords Accum.	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%
	Mar 09	Apr 09	May 09	Jun 09	July 09	Aug 09	Sep 09
Gross Portfolio*	+4.5%	+7.6%	+5.0%	+6.2%	+9.6%	+7.5%	+6.2%
All Ords Accum.	+8.1%	+6.1%	+2.2%	+3.9%	+7.7%	+6.5%	+6.0%
	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
Gross Portfolio*	+2.1%	+0.3%	+1.0%	-3.6%	+0.0%	+2.9%	+0.4%
All Ords Accum.	-1.9%	+1.9%	+3.7%	-5.8%	+1.8%	+5.8%	-1.2%
	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Gross Portfolio*	-4.0%	-0.9%	+1.6%	+0.1%	+2.7%	+1.3%	+2.3%
All Ords Accum.	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%	-0.7%
	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
Gross Portfolio*	+3.6%	+0.7%	-0.3%	+0.4%	+2.5%	-1.6%	-2.3%
All Ords Accum.	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%	-1.9%	-2.4%
	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Since Inception
Gross Portfolio*	+0.0%	-1.2%	+0.7%	+2.1%	-0.4%	-1.0%	+53.5%
All Ords Accum.	-3.4%	-2.0%	-6.3%	+7.2%	-3.4%	-1.6%	-23.9%

*The change in the portfolio before all expenses, fees and taxes