



**WAM ACTIVE LIMITED (WAA)**  
**ABN 49 126 420 719**  
**INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT**  
**JULY 2013**

**Company overview**

WAM Active Limited ('WAA' or the 'Company') is a listed investment company that provides investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets.

**Investment objectives**

The investment objectives are to deliver investors a growing income stream in the form of fully franked dividends and to preserve capital.

**Performance**

Since inception, WAA's investment portfolio has delivered positive returns in the short and long term. The performance against the S&P/ASX All Ordinaries Accumulation Index and the UBS Bank Bill Index is set out in the table below. The investment performance is before expenses, fees and taxes.

<b>Performance as at 31 July 2013</b>	<b>1 Mth %</b>	<b>6 Mths %</b>	<b>1 Year %</b>	<b>3 Yrs %pa</b>	<b>5 Yrs %pa</b>	<b>Since Inception (Jan-08) %pa</b>
WAA Investment Portfolio	2.6%	1.9%	17.0%	11.1%	13.6%	12.3%
S&P/ASX All Ordinaries Accumulation Index	5.5%	4.8%	22.7%	8.4%	4.4%	-0.1%
<b>Outperformance</b>	<b>-2.9%</b>	<b>-2.9%</b>	<b>-5.7%</b>	<b>+2.7%</b>	<b>+9.2%</b>	<b>+12.4%</b>
UBS Bank Bill Index	0.3%	1.5%	3.2%	4.3%	4.4%	4.7%
<b>Outperformance</b>	<b>+2.3%</b>	<b>+0.4%</b>	<b>+13.8%</b>	<b>+6.8%</b>	<b>+9.2%</b>	<b>+7.6%</b>

**Net Tangible Asset (NTA) figures**

The figures below have not been adjusted for the 6,611,237 remaining options on issue with an exercise price of \$1.08 per share.

<b>NTA before tax</b>	<b>107.19c</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>108.13c*</b>
<b>NTA after tax</b>	<b>106.18c**</b>

\* Includes tax assets of 0.94 cents per share.

\*\* Includes the net effect of 0.94 cents of tax assets and 1.95 cents of deferred tax liabilities.

## **Market outlook**

The S&P/ASX All Ordinaries Accumulation Index increased 5.5% for July - the best monthly performance since October 2011. This was despite downgrades from companies such as Treasury Wine Estates, Woodside Petroleum and Orica during the month. The local share market rally has continued into the new financial year with the local equity market up 6.8% following positive data out of China and the United States. In Australia, political uncertainty has contributed to anaemic economic growth with unemployment standing at 5.7% and retail trade figures flat.

The Australian dollar has continued to fall having an adverse impact on import-focused businesses, however, it is a boon for a number of industries including tourism, manufacturing and firms that are export-oriented.

While we expect softer economic growth in the near term, the medium-to-long term outlook for Australia's economy is positive supported by strong underlying fundamentals. With the official cash rate at its lowest level since 1959, and house prices on the rise in many areas, we expect this will stimulate consumer confidence boosting the economy and have a positive impact on cyclical stocks. With the federal election date now announced, this creates some political certainty which we believe will help counter weak consumer and business confidence.

## **Dividends – 4.75 cents per share fully franked final**

On 12 August 2013, the Company announced a fully franked final dividend of 4.75 cents per share, an increase of 5.6% on the previous corresponding period. The final dividend brings the total dividend for FY2013 to 9.5 cents per share and represents a fully franked annual dividend yield of 7.8%, based on the last closing price.

The dividend re-investment plan will be operating at a 2.5% discount. To participate in the dividend reinvestment plan, shareholders should send their election to the Company's share registrar (Boardroom) no later than 27 September 2013.

## **Key dividend dates**

Ex date: 23 September 2013

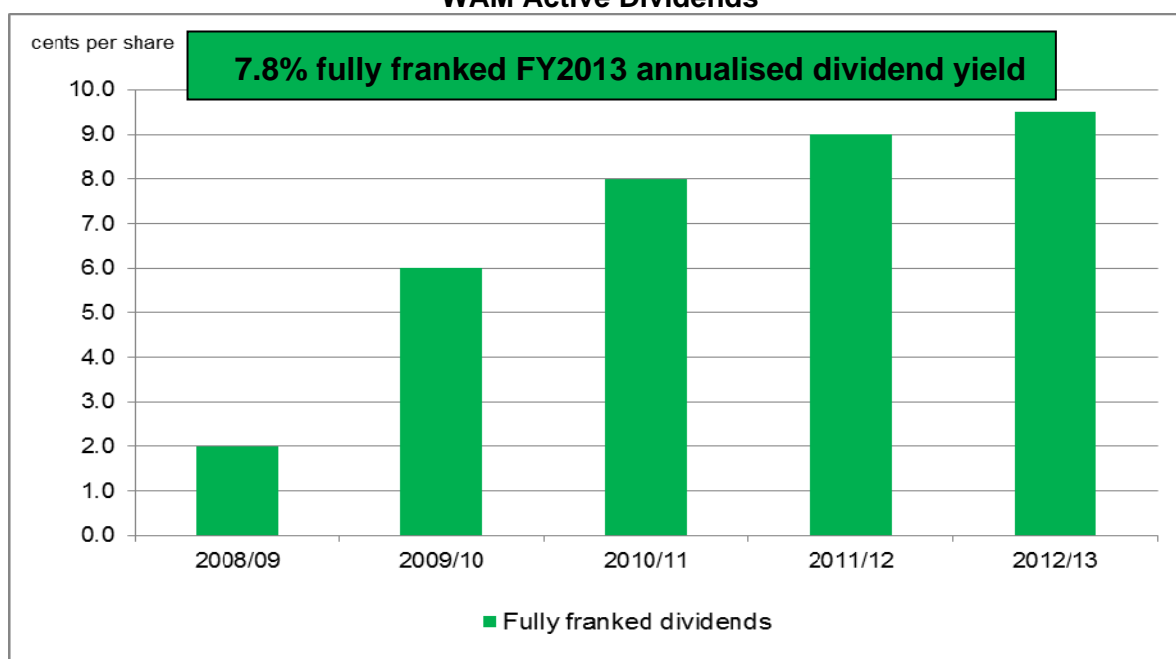
Record date: 27 September 2013

Payment date: 4 October 2013

Last day for option holders to exercise options to be eligible for dividend: 20 September 2013

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practices. Dividends are 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



\*Based on 13 August 2013 closing price.

### Option issue – exercise at any time before 12 December 2013

On 4 May 2012, the Board announced a one-for-one bonus issue of options to acquire ordinary shares in the capital of the Company. The options have an exercise price of \$1.08 per share and can be exercised at any time on or before 12 December 2013. The options give shareholders the right, but not the obligation, to subscribe for shares in WAA at \$1.08 per share. The options can be exercised in full or in part. The options are currently trading on the Australian Securities Exchange ('ASX') under the code WAAO.

As at 31 July 2013, 9,698,708 options had been exercised for a total consideration of \$10,474,605, with the remaining balance of outstanding options being 6,611,237.

### Portfolio structure

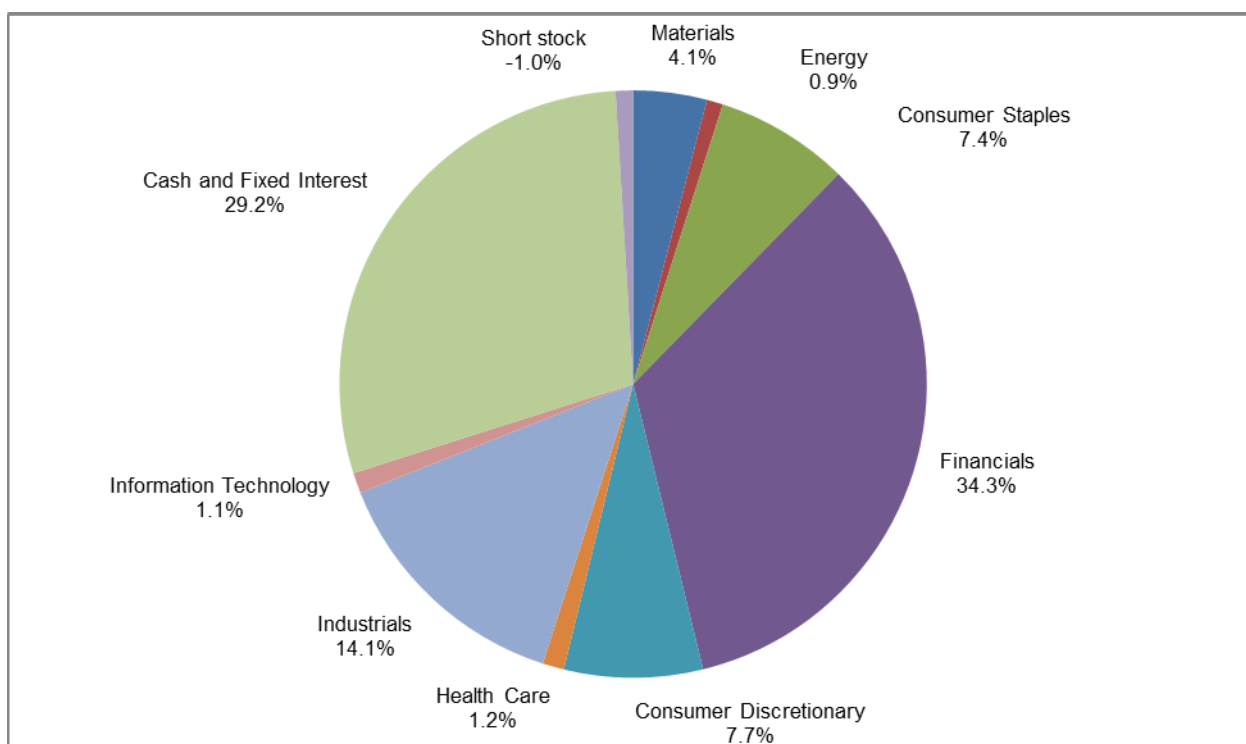
Investment Type	As at 30 June 2013		As at 31 July 2013	
	\$m	%	\$m	%
Australian Equities	14.9	52.3%	20.8	70.8%
Fixed Interest and Cash	13.5	47.7%	8.5	29.2%
<b>Total Long Portfolio</b>	<b>28.4</b>	<b>100.0%</b>	<b>29.3</b>	<b>100.0%</b>
<b>Total Short Portfolio</b>	<b>-</b>	<b>-</b>	<b>(0.3)</b>	<b>(1.0%)</b>
<b>Total Gross Assets</b>	<b>\$28.4m</b>		<b>\$29.0m</b>	
<b>Total number ordinary shares on issue</b>	26,400,472		26,428,033	
<b>Total number options on issue</b>	6,638,798		6,611,237	

## Portfolio structure (continued)

At 31 July 2013, the major securities held in the portfolio were as follows:

Code	Company	Market Value \$	Market Value as % Gross Assets
GNC	Graincorp Limited	1,696,743	5.8%
CYA	Century Australia Investments Limited	1,353,137	4.6%
MFG	Magellan Financial Group Limited	848,227	2.9%
HIL	Hills Holdings Limited	838,538	2.9%
ELI	Emerging Leaders Investments Limited	829,713	2.8%
CYG	Coventry Group Limited	708,244	2.4%
HVN	Harvey Norman Holdings Limited	703,594	2.4%
MQA	Macquarie Atlas Roads Group	678,998	2.3%
SDG	Sunland Group Limited	664,461	2.3%
WIC	Westoz Investment Company Limited	654,116	2.2%
MQG	Macquarie Group Limited	632,894	2.2%
PRT	Prime Media Group Limited	581,262	2.0%
IPE	ING Private Equity Access Limited	578,122	2.0%
DOW	Downer EDI Limited	569,459	1.9%
BKW	Brickworks Limited	555,317	1.9%
MYR	Myer Holdings Limited	546,278	1.9%
INA	Ingenia Communities Group	475,002	1.6%
VLW	Villa World Limited	473,697	1.6%
DVN	Devine Limited	351,526	1.2%
TGG	Templeton Global Growth Fund Limited	332,030	1.1%

## Portfolio structure – sector allocation



## Performance – yearly comparison to S&P/ASX All Ordinaries Accumulation Index

Set out below is the performance of WAA's investment portfolio since listing to 31 July 2013 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	WAA Investment 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%
2011/2012	5.5%	-7.0%	+12.5%
2012/2013	15.4%	20.7%	-5.3%
YTD 2013/2014	2.6%	5.5%	-2.9%

## Performance – monthly comparison

The table below shows the month-by-month investment performance of WAA against the S&P/ASX All Ordinaries Accumulation Index since listing to 31 July 2013.

	<b>Jan 08</b>	<b>Feb 08</b>	<b>Mar 08</b>	<b>Apr 08</b>	<b>May 08</b>	<b>Jun 08</b>	<b>Jul 08</b>
Investment 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%
	<b>Aug 08</b>	<b>Sep 08</b>	<b>Oct 08</b>	<b>Nov 08</b>	<b>Dec 08</b>	<b>Jan 09</b>	<b>Feb 09</b>
Investment 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%
	<b>Mar 09</b>	<b>Apr 09</b>	<b>May 09</b>	<b>Jun 09</b>	<b>July 09</b>	<b>Aug 09</b>	<b>Sep 09</b>
Investment 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%
	<b>Oct 09</b>	<b>Nov 09</b>	<b>Dec 09</b>	<b>Jan 10</b>	<b>Feb 10</b>	<b>Mar 10</b>	<b>Apr 10</b>
Investment 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%
	<b>May 10</b>	<b>Jun 10</b>	<b>Jul 10</b>	<b>Aug 10</b>	<b>Sep 10</b>	<b>Oct 10</b>	<b>Nov 10</b>
Investment 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%
	<b>Dec 10</b>	<b>Jan 11</b>	<b>Feb 11</b>	<b>Mar 11</b>	<b>Apr 11</b>	<b>May 11</b>	<b>Jun 11</b>
Investment 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%
	<b>Jul 11</b>	<b>Aug 11</b>	<b>Sep 11</b>	<b>Oct 11</b>	<b>Nov 11</b>	<b>Dec 11</b>	<b>Jan 12</b>
Investment Portfolio	+0.0%	-1.2%	+0.7%	+2.1%	-0.4%	-1.0%	+1.0%
All Ords Accum.	-3.4%	-2.0%	-6.3%	+7.2%	-3.4%	-1.6%	+5.2%
	<b>Feb 12</b>	<b>Mar 12</b>	<b>Apr 12</b>	<b>May 12</b>	<b>Jun 12</b>	<b>Jul 12</b>	<b>Aug 12</b>
Investment Portfolio	+3.5%	+1.1%	+0.0%	-1.6%	+1.1%	+1.2%	+2.0%
All Ords Accum.	+2.4%	+1.2%	+1.1%	-6.9%	+0.3%	+3.7%	+2.1%
	<b>Sep 12</b>	<b>Oct 12</b>	<b>Nov 12</b>	<b>Dec 12</b>	<b>Jan 13</b>	<b>Feb 13</b>	<b>Mar 13</b>
Investment Portfolio	+1.4%	+1.9%	+0.7%	+2.7%	+5.3%	+4.6%	-0.1%
All Ords Accum.	+2.1%	+3.0%	+0.3%	+3.4%	+5.1%	+5.2%	-2.2%
	<b>Apr 13</b>	<b>May 13</b>	<b>Jun 13</b>	<b>Jul 13</b>			<b>Since Inception</b>
Investment Portfolio	-0.6%	-3.0%	-1.3%	+2.6%			+91.5%
All Ords Accum.	+3.8%	-4.4%	-2.6%	+5.5%			-0.3%

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

**For more information**

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