

WAM Capital Limited (WAM)

Listed Managed Investments

March 2015 Quarterly Review

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- 3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
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- 5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
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Rating



LMI Type

Listed investment company

Investment Area

Australia

Investment Assets

Listed companies and other

Investment Sectors

Diversified

Key Investment Information

Price (\$) as at 20 May 2015	1.91
Market cap (\$M)	861.5
Shares on issue (M)	451.1
Shares traded (\$M p.a)	211.7
12-month L/H (\$)	1.885/2.11
Listing date	August 1999

Fees

Management Fee (%)	1.00
Performance incentives (%)	20.0*

*Outperformance of the All Ords Acc index or the amount of the increase in the value of the portfolio in the event the All Ords Acc index has fallen.

Pre-tax NTA Performance Analytics (including dividends)

	All Ords Acc	
	1 Yr	3 Yr (p.a.)
Excess Per. (%)	-3.42	-2.12
TE (%)	8.20	8.03

Benchmark returns are purely pre-tax, whereas LIC returns incorporate realised capital gains tax and therefore understate portfolio performance to a degree.

Dividend Yield

	%
FY12	6.64ff
FY13	7.01ff
FY14	6.44ff

Major Shareholders

	%
UBS Wealth Management Australia Nominees Pty Ltd	1.4
VBS Investments Pty Ltd	1.3

As at 30 June 2014

COMPANY OVERVIEW

WAM was listed in August 1999 and is managed by Wilson Asset Management (International) Pty Ltd. WAM provides an actively managed portfolio that focuses on investing in a diversified portfolio of growth companies, primarily small-to-mid cap securities.

INVESTMENT OBJECTIVE

The investment objectives of the fund are to provide a growing stream of fully franked dividends, provide capital growth and preserve capital.

STYLE AND PROCESS

WAM predominantly invests in a diversified portfolio of growth companies. The manager uses a combination of two approaches to select investments:

- (1) The Research Driven approach, which involves making investment decisions based on extensive research on the security. The manager looks for management strength, earnings growth potential, low earnings multiple, advantageous industry position, generation of free cash flow, appropriate return on equity and a catalyst for share price growth. The manager has over 1,000 meetings with management each year; and
- (2) The Market Driven approach, which involves participating in IPOs, placements and takeover arbitrages aiming to take advantage of short-term arbitrage opportunities and mispricing in the market.

PORTFOLIO CHARACTERISTICS

WAM's portfolio focuses on small-to-mid cap stocks with the majority of investments being in companies outside the S&P/ASX 100. Given the company focuses on industrial stocks, the portfolio has very little exposure to the resource sector. The manager defaults to cash if acceptable investments cannot be identified. As such, prospective investors need to be aware that the portfolio may have large cash allocations. Consumer Discretionary and Industrial sectors were the largest exposures for the portfolio at March-end with the company reducing its exposure to Financials and Information Technology.

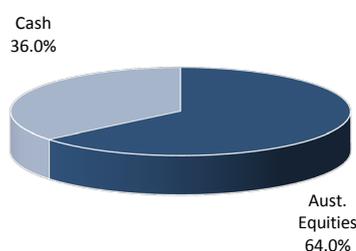
INDEPENDENT INVESTMENT RESEARCH COMMENTS

WAM predominantly invests in small-to-mid cap stocks. The Manager primarily maintains small positions in securities to minimise risk, however, there are no size restrictions on investments so the manager can take high conviction positions in a stock if they so desire. We note that smaller cap stocks tend to entail a greater level of risk; however, the upside potential can be considerable. The manager has the ability to short sell stocks. We note, this has never been more than 5% of the portfolio. WAM's portfolio (pre-tax NTA plus dividends) underperformed the benchmark index over the March quarter rising 7.3%, compared to the benchmark increase 10.2%. This has resulted in the portfolio underperforming the benchmark index over the 12 months to 31 March 2015 by 3.4%. Over the longer-term however, the portfolio has outperformed the benchmark with an average rolling annual return of 11.5% over the ten years to 31 March 2015, compared to 8.9% average rolling annual return for the benchmark index. At March-end, the company was trading at a 5.6% premium to pre-tax NTA, above the three-year average premium of 3.6%. The company raised \$193.5m during the March quarter, through a Share Purchase Plan (SPP) and placement to institutional investors. The capital raising resulted in the issue of 101.8m new shares. The additional capital will allow the manager to take advantage of value opportunities as they arise. On 5 May 2015, Chris Stott was appointed to the Board. Mr. Stott is also a Non-Executive Director for WAA and WAX.

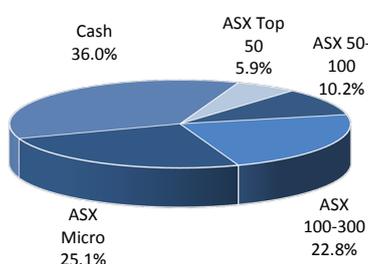
SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	0.0	2.3
Materials	0.0	4.2
Industrials	20.1	23.9
Consumer Discretionary	26.7	27.6
Consumer Staples	0.8	3.3
Healthcare	3.3	5.5
Financials (ex Property)	30.2	21.6
Property	0.0	0.2
Information Technology	12.5	5.4
Telecommunication Services	4.4	3.7
Utilities	2.0	2.2
Unlisted Unit Trusts	0.0	0.1

Asset Weighting



Size Weighting



KEY POSITIVE CONTRIBUTORS

- ◆ TPG Telecom Limited
- ◆ IPH Limited
- ◆ Energy Developments Limited

KEY NEGATIVE CONTRIBUTORS

- ◆ Super Retail Group Limited
- ◆ STW Communications Group Limited
- ◆ Arrium Limited

BOARD OF DIRECTORS

Geoffrey Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
James Chirnside	Director (Non-Executive)
Paul Jensen	Director (Non-Executive)
Lindsay Mann	Director (Non-Executive)
Kate Thorley	Company Secretary
Chris Stott	Director (Non-Executive) - Appointed May 2015

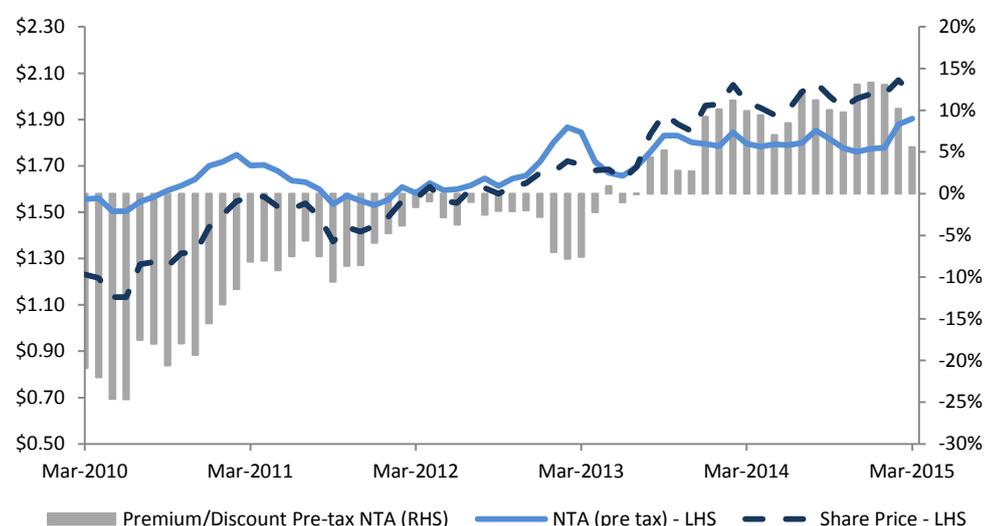
OTHER DATA

- ◆ **Options** – none on issue.
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits. Dividends are paid on a six-monthly basis.
- ◆ **Capital management policy** – The Board manages the Company's capital by regularly reviewing the most efficient manner by which the company employs its capital. At the core of this management is the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – None
- ◆ **DRP available** – Yes

WAM's Portfolio (Top 10) Weighting

Code	Portfolio (%)	All Ords (%)
HHV	3.5	na
TPM	2.9	0.4
CYA	2.8	na
ASB	2.7	0.0
SGH	2.7	0.1
ALL	2.7	0.3
CMG	2.5	0.0
BAP	2.5	0.0
QAN	2.5	0.4
RFG	2.5	0.1
	27.3	1.4

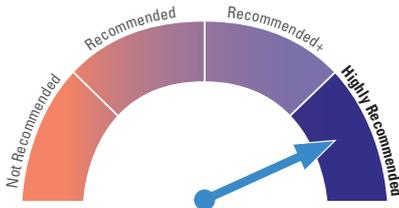
NTA & Share Price Performance



APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd “IIR” rating system.

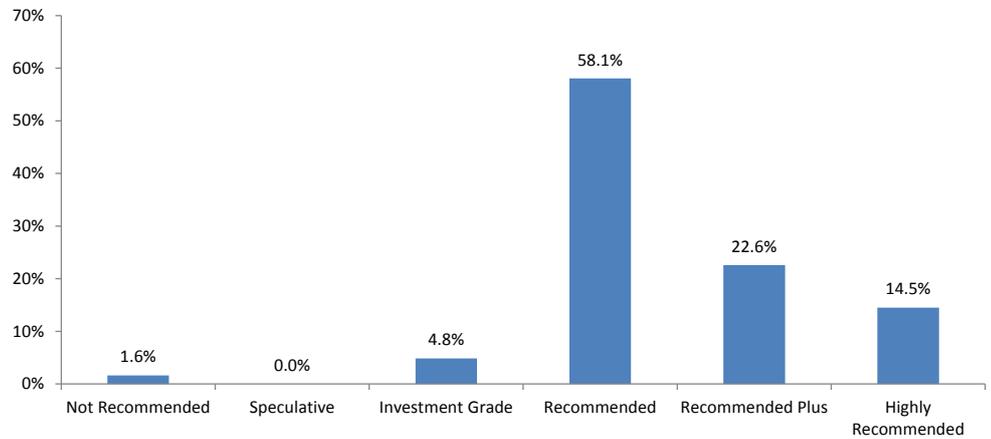
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
<p>Highly Recommended</p> 	<p>83 and above</p> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>
<p>Recommended +</p> 	<p>79–82</p> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>
<p>Recommended</p> 	<p>60–78</p> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>
<p>Not Recommended</p> 	<p><60</p> <p>This rating indicates that IIR believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation criteria. The product provides some unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off and should generate risk adjusted returns in line with stated investment objectives. However, concerns over one or more features mean that it may not be suitable for most investors.</p>

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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- 4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
- 5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
- 6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

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Rating



LMI Type

Listed investment company

Investment Area

Australia

Investment Asset

Listed companies and other

Investment Sectors

Diversified

Investment Profile

Price (\$) as at 20 May 2015	1.17
Market cap (\$M)	190.9
Shares on issue (M)	163.2
Shares traded (\$M p.a.)	32.3
12-month L/H (\$)	1.095/1.245
Listing date	August 2003
Fees	
Management Fee (%)	1.0
Performance incentives (%)	20.0*

*Outperformance of the All Ords Acc index or the amount of the increase in the value of the portfolio in the event the All Ords Acc index has fallen.

Pre-tax NTA Performance Analytics (including dividends)

	All Ords Acc	
	1 Yr	3 Yr (p.a.)
Excess Per. (%)	1.52	4.04
TE (%)	10.18	7.90

Benchmark returns are purely pre-tax, whereas LIC returns incorporate realised capital gains tax and therefore understate portfolio performance to a degree.

Dividend Yield

	%
FY12	8.68ff
FY13	6.96ff
FY14	6.47ff

Substantial Shareholders

	%
Interests associated with Geoff Wilson	4.1
Victor John Plummer	2.3

As at 30 June 2014

COMPANY OVERVIEW

WAX is a listed investment company that invests in growth companies which are generally small to medium sized industrial companies. The company was listed in 2003 and the portfolio is managed by Wilson Asset Management (International) Pty Ltd.

INVESTMENT OBJECTIVE

The company aims to provide shareholders a steady stream of fully franked dividends and a high real rate of return, comprising both capital and income.

STYLE AND PROCESS

WAX's investment philosophy is to invest predominantly in industrial companies with an emphasis on companies that are under researched and are considered undervalued by the Manager. As such the company focuses on small-to-mid cap companies. The manager uses a Research Driven approach to identify investment opportunities, which involves making investment decisions based on extensive research on the security. The manager looks for management strength, earnings growth potential, low earnings multiple, advantageous industry position, generation of free cash flow, appropriate return on equity and a catalyst for share price growth. The manager has over 1,000 meetings with management each year.

PORTFOLIO CHARACTERISTICS

WAX aims to maintain a portfolio of between 30 and 60 securities. The manager focuses on small-to-mid cap stocks with most investments outside the top 100. Given the company focuses on industrial stocks, the portfolio has very little, if any, exposure to the resource sector. The largest portfolio allocation, outside of cash, is to the Consumer Discretionary sector with 35.8% of the long portfolio allocated to this sector. The manager will hold cash if attractive investment opportunities cannot be identified. The Manager held 40% of the portfolio in cash at 31 March 2015.

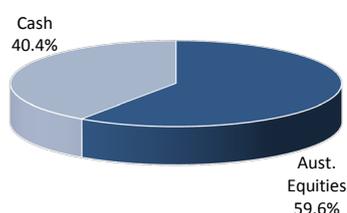
INDEPENDENT INVESTMENT RESEARCH COMMENTS

WAX predominantly invests in small-to-mid cap industrial stocks. We note that smaller cap stocks tend to entail a greater level of risk; however, the upside potential can be considerable. There are no size restrictions on investments therefore the manager has the ability to take high conviction positions. WAX's portfolio (pre-tax NTA plus dividends) underperformed the benchmark index over the March quarter, yet outperformed over the 12-months to 31 March 2015 by 1.5%. While the portfolio has outperformed over the short-to-medium term, the portfolio has underperformed the benchmark index over the longer-term, with the portfolio generating an average rolling annual return of 8.5%, compared to the average rolling annual benchmark index return of 8.9% over the 10 years to 31 March 2015. The company continues to offer an above market dividend yield in excess of 6%. We believe this to have been a driver for the share price, which has resulted in the company trading at a premium to pre-tax NTA of 2.4% at 31 March 2015. This is above the three-year average discount of 0.2%. The company has a large cash holding of 40%, providing the manager opportunities to invest in value opportunities that arise.

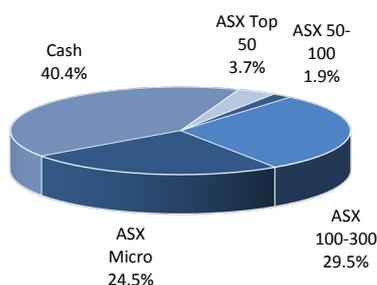
SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	0.0	0.0
Materials	0.0	3.1
Industrials	25.3	25.5
Consumer Discretionary	35.6	35.8
Consumer Staples	1.4	1.1
Healthcare	5.5	2.3
Financials (ex Property)	7.3	10.0
Property	0.0	0.0
Information Technology	19.0	9.7
Telecommunication Services	2.4	7.8
Utilities	3.4	4.7

Asset Weighting



Size Weighting



KEY POSITIVE CONTRIBUTORS

- ◆ IPH Limited
- ◆ TPG Telecom Limited
- ◆ Energy Developments Limited

KEY NEGATIVE CONTRIBUTORS

- ◆ Navitas Limited
- ◆ Ardent Leisure Limited
- ◆ STW Communications Group Limited

BOARD OF DIRECTORS

Geoffrey Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
John Abernethy	Director (Non-Executive)
Julian Gosse	Director (Non-Executive)
Chris Stott	Director (Non-Executive)
Kate Thorley	Company Secretary/Director (Non-Executive)

OTHER DATA

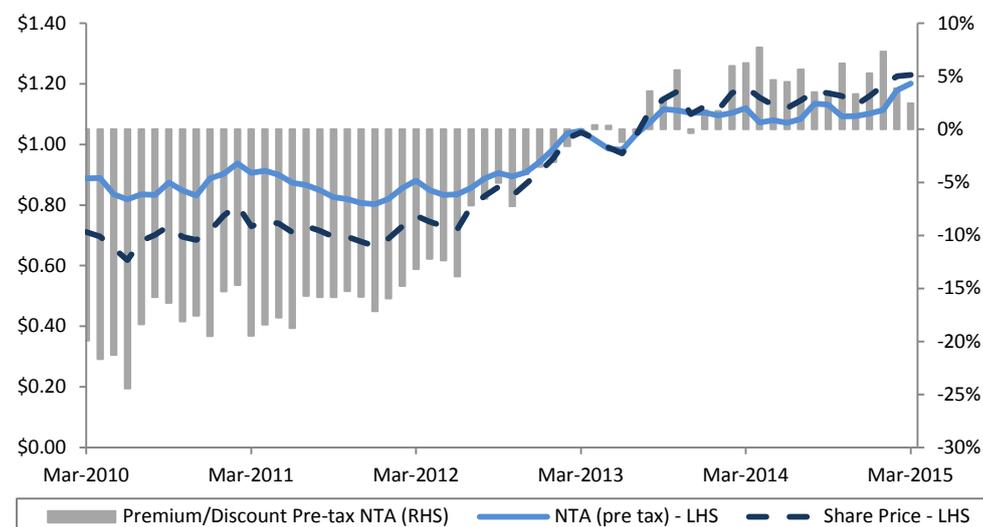
- ◆ **Options** – Bonus shares issued on a one-for two basis in December 2013. Options will have an exercise price of \$1.20 per share and expire on 17 June 2015.
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits. Dividends are paid on a six-monthly basis.
- ◆ **Capital management policy** – The Board manages the Company's capital by regularly reviewing the most efficient manner by which the company employs its capital. At the core of this management is the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – Has the potential to pay LIC Capital Gains out to investors.
- ◆ **DRP available** – Yes

WAX's Portfolio (Top 10) Weighting

Code	Portfolio (%)	All Ords (%)
TPM	6.2	0.4
ASB	5.8	0.0
SGH	5.7	0.1
RFG	5.2	0.1
IPH	4.9	0.0
ENE	4.7	0.1
AHD	4.5	0.1
ISU	4.3	0.0
CSV	4.0	0.0
CCP	3.9	0.0
	49.2	0.9

Source all figures: WAX/Independent Investment Research/IRESS. All data as at 31 March 2015 unless otherwise specified.

NTA & Share Price Performance



APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd “IIR” rating system.

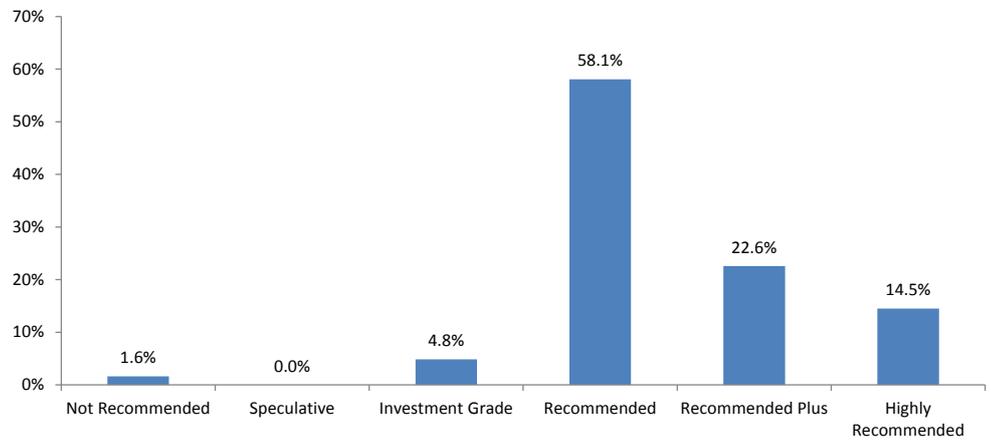
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
<p>Highly Recommended</p> 	<p>83 and above</p> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>
<p>Recommended +</p> 	<p>79–82</p> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>
<p>Recommended</p> 	<p>60–78</p> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>
<p>Not Recommended</p> 	<p><60</p> <p>This rating indicates that IIR believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation criteria. The product provides some unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off and should generate risk adjusted returns in line with stated investment objectives. However, concerns over one or more features mean that it may not be suitable for most investors.</p>

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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WAM Active Limited (WAA)

Listed Managed Investments

March 2015 Quarterly Review

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- 3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
- 4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
- 5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
- 6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

For more information regarding our services please refer to our website www.independentresearch.com.au.



Rating



LMI Type

Listed investment company

Investment Area

Australia

Investment Assets

Listed companies and other

Investment Sectors

Diversified

Key Investment Information

Price (\$) as at 20 May 2015	1.02
Market cap (\$M)	35.4
Shares on issue (M)	34.7
Shares traded (\$M p.a)	15.7
12-month L/H (\$)	1.02/1.444
Listing date	January 2008

Fees

Management Fee (%)	1.00
Performance incentives (%)	20.0*

*20% of the increase in the gross value of the portfolio, subject to a high watermark.

Pre-tax NTA Performance Analytics (including dividends)

	All Ords Acc	
	1 Yr	3 Yr (p.a.)
Excess Per. (%)	-9.98	-8.43
TE (%)	8.48	9.13

Benchmark returns are purely pre-tax, whereas LIC returns incorporate realised capital gains tax and therefore understate portfolio performance to a degree.

Dividend Yield	%
FY12	8.21ff
FY13	8.33ff
FY14	7.46ff

Major Shareholders	%
Interest Associated with Geoff Wilson	2.9
Mr Victor John Plummer	1.5

As at 30 June 2014

COMPANY OVERVIEW

WAA is a listed investment company that provides exposure to an active trading style with the aim of achieving a positive return in all market conditions and a low correlation to traditional markets. The company was listed in January 2008 and the portfolio is managed by Wilson Asset Management (International) Pty Ltd.

INVESTMENT OBJECTIVE

The company has an absolute return focus and therefore aims to generate positive returns in both rising and falling markets. The manager seeks to deliver shareholders a steady stream of fully franked dividends, provide a positive return with low volatility (after fees) and preserve the company's capital in both the short-and long-term.

STYLE AND PROCESS

WAA invests predominantly in ASX-listed securities. Given the objective of the company, the Manager has the ability to short sell securities. The manager uses a 'Market Driven' approach to investing, in which it aims to take advantage of short-term arbitrage and mispricing in the market. The manager participates in IPOs, rights issues, placements, schemes of arrangement and looks for arbitrage opportunities and discount to asset plays, along with other market events viewed as favourably priced. The manager utilises stop-losses on trading positions of 10%. The portfolio is actively managed and therefore portfolio turnover is high.

PORTFOLIO CHARACTERISTICS

The portfolio may hold between 10 and 100 investments and therefore the level of concentration will vary. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector and as such the manager may take large positions in an individual security. The manager may hold up to 100% cash if attractive investment opportunities cannot be identified. The company invests in LICs to take advantage of the discount companies are trading at. The manager seeks to sell LICs once the discount has been eradicated. The portfolio reduced its position to the Financials and Telecommunications sector over the March quarter and increased its positions in Industrials, Consumer Discretionary and Materials. The company also took a position in the Energy sector, which it previously had no exposure to. The company took a number of positions during the March quarter, with its cash position falling to 27.6% at March-end, however we note that a number of these positions were short-term positions, taking advantage of market conditions.

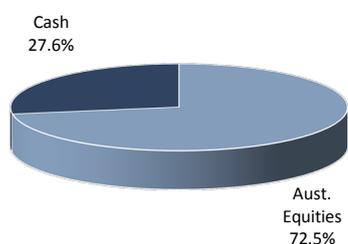
INDEPENDENT INVESTMENT RESEARCH COMMENTS

The absolute return nature of WAA means that the company does not intend to mimic the returns of the market but generate positive returns despite the direction of the market. This is reflected by the high tracking error. The company's strategy incorporates the use of short selling to generate returns. No more than 10% of the portfolio has been 'short' since inception. The portfolio may hold high levels of cash, which will contribute to the outperformance of the portfolio when the market generates negative returns, however may result in the manager not participating in market upturns. One of the objectives of WAA is to generate positive returns in all market conditions. WAA's portfolio (pre-tax NTA plus dividends) generated a positive return over the March quarter, however significantly underperformed the market rising 2.6%, compared to the market increase of 10.2%. The company did not pay an interim dividend and the company is voting on whether to pay a return of capital at the EGM in May. The payment of a full year dividend will depend on the performance of the portfolio over the June quarter and if one is paid it will likely be less than the previous full year dividend. Surprisingly, the company was trading at a premium to pre-tax NTA of 9.6% at 31 March 2015, although we note the premium has narrowed sharply from the pre 1H'15 results announcement. We expect the premium to decline further given the uncertainty of the full year dividend. As a result of no interim dividend being paid and the uncertainty of future dividends in 2015, we downgrade WAA's rating from Recommended Plus to Recommended.

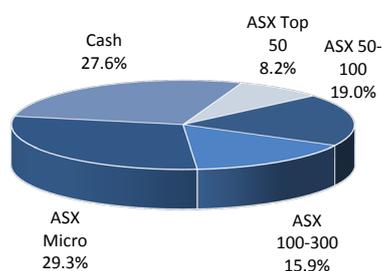
SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	0.0	4.2
Materials	0.1	4.9
Industrials	12.2	22.0
Consumer Discretionary	13.9	19.3
Consumer Staples	0.0	4.9
Healthcare	0.1	7.9
Financials (ex Property)	63.2	35.1
Property	0.0	0.3
Information Technology	3.2	1.3
Telecommunication Services	7.3	0.0
Utilities	0.0	0.0

Asset Weighting



Size Weighting



KEY POSITIVE CONTRIBUTORS

- ◆ Aristocrat Leisure Limited
- ◆ Qantas Airways Limited
- ◆ Burson Group Limited

KEY NEGATIVE CONTRIBUTORS

- ◆ ResMed Inc
- ◆ Super Retail Group Limited
- ◆ Arium Limited

BOARD OF DIRECTORS

Geoffrey Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
John Abernethy	Director (Non-Executive)
Chris Stott	Director (Non-Executive)
Kate Thorley	Company Secretary/Director (Non-Executive)

OTHER DATA

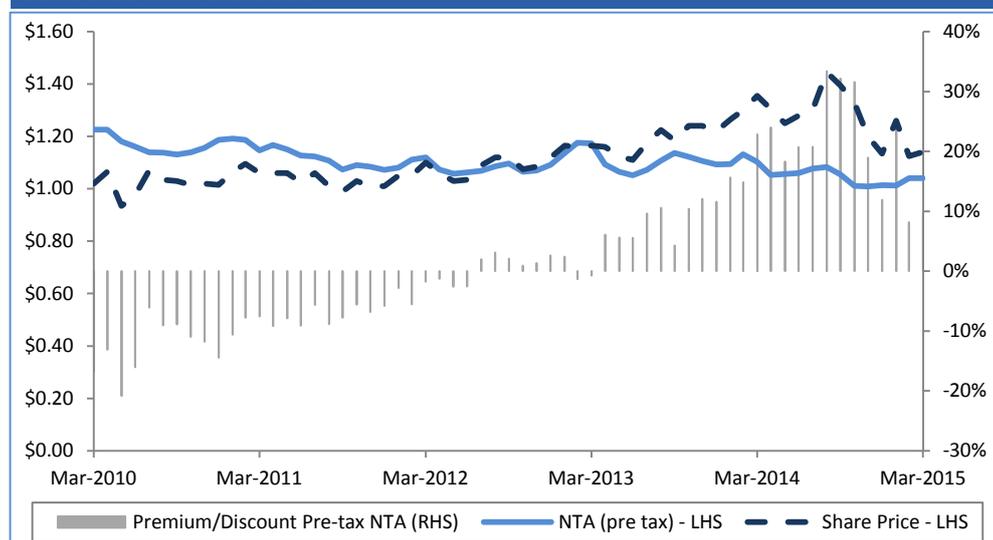
- ◆ **Options** – None on issue.
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits. Dividends are paid on a semi-annual basis.
- ◆ **Capital management policy** – The Board manages the Company's capital by regularly reviewing the most efficient manner by which the company employs its capital. At the core of this management is the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – None
- ◆ **DRP available** – Yes

WAA's Portfolio (Top 10) Weighting

Code	Portfolio (%)	All Ords (%)
HHV	7.1	na
CYA	7.1	na
ALL	4.8	0.3
BAP	4.6	0.0
QAN	4.5	0.4
CTX	4.2	0.6
QUB	3.5	0.2
ANN	3.4	0.3
TOL	3.2	0.4
FXJ	3.0	0.1
	45.4	2.2

Source all figures: WAA/Independent Investment Research/IRESS.
All data as at 31 March 2015 unless otherwise specified.

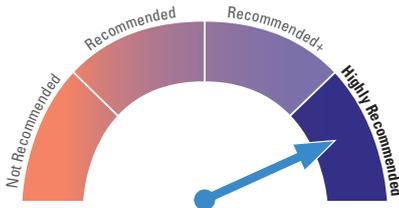
NTA & Share Price Performance



APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd “IIR” rating system.

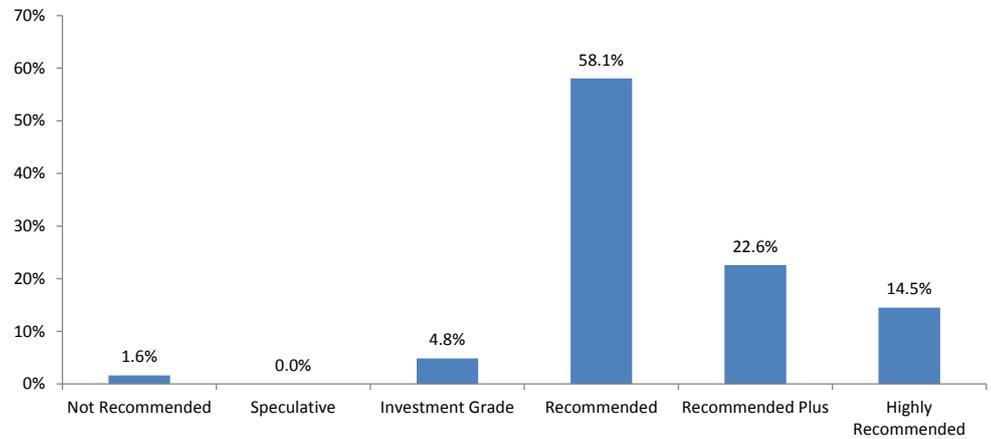
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
<p>Highly Recommended</p> 	<p>83 and above</p> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>
<p>Recommended +</p> 	<p>79–82</p> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>
<p>Recommended</p> 	<p>60–78</p> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>
<p>Not Recommended</p> 	<p><60</p> <p>This rating indicates that IIR believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation criteria. The product provides some unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off and should generate risk adjusted returns in line with stated investment objectives. However, concerns over one or more features mean that it may not be suitable for most investors.</p>

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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