

Investment update

As at 31 December 2016



wilsonassetmanagement.com.au

ABN 49 126 420 719

Snapshot

Pre-tax net tangible assets

\$1.06

Fully franked
dividend yield

4.4%

Gross assets

\$38.6m

Performance
(p.a. since January 2008)

12.9%

WAM Active Limited

ASX code	WAA
Listed	Jan 2008
Gross assets	\$38.6m
Market cap	\$40.3m
Share price (WAA)	\$1.13
Option price (WAAO)	\$0.052
NTA before tax	\$1.06
Shares on issue	35,696,621
Options on issue	34,581,335
Fully franked dividends (FY2016)	5.0c
Fully franked dividend yield	4.4%

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	Senior Equity Analyst & Dealer
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Senior Equity Analyst

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 finished the month up 4.2% to end the calendar year up a very solid 11.6%. With investors continuing to focus on the potentially stimulatory impact of US President-elect Donald Trump's proposed policies, the so-called 'Trump Rally' continued strongly in December across markets globally, including the US where the Dow Jones index reached an all time high. Australian September quarter Gross Domestic Product (GDP) data released in December fell a worse-than-expected 0.5%. This reading is the steepest decline in GDP since the global financial crisis of late 2008 and dragged down the annual growth rate to 1.8%. During the month, the US Federal Reserve raised interest rates for only the second time in 10 years with the funds rate target range increased by 0.25% to 0.5-0.75%.

Stock news

During the month, we established a position in GrainCorp Limited (ASX: GNC) by participating in the block trade sale of Archer Daniels Midland's 19.9% stake in the company. The decision by US-based ADM to exit GrainCorp comes three years after its unsuccessful attempt to takeover the company. We bought the shares at a 2.1% discount and GrainCorp's share price has subsequently rallied strongly. Market consensus has earnings per share (EPS) growth of 120% this financial year, underpinned by significantly higher grain volumes for the summer harvest.

Net tangible asset (NTA) figures

NTA before tax	106.37c
NTA after tax and before tax on unrealised gains	105.21c
NTA after tax	105.21c

The above figures are not adjusted for the 34,581,335 options on issue with an exercise price of \$1.14.

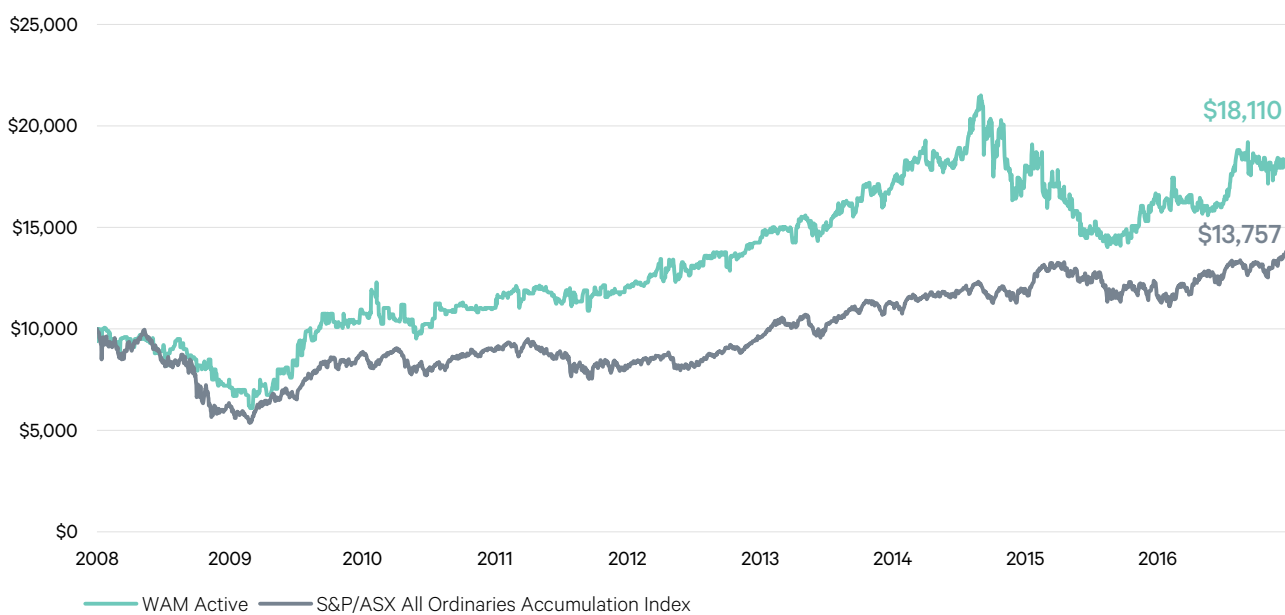
Performance

Performance at 31 December 2016	1 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio*	0.6%	7.4%	10.7%	12.3%	14.2%	12.9%
S&P/ASX All Ordinaries Accumulation Index	4.2%	9.9%	11.6%	6.8%	11.6%	3.1%
Outperformance	-3.6%	-2.5%	-0.9%	+5.5%	+2.6%	+9.8%
UBS Bank Bill Index	0.1%	0.9%	2.1%	2.4%	2.8%	3.8%
Outperformance	+0.5%	+6.5%	+8.6%	+9.9%	+11.4%	+9.1%

*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	November 2016		December 2016	
	\$m	%	\$m	%
Listed equities	28.4	73.5	31.4	81.4
Short portfolio	(0.6)	(1.6)	(0.0)	(0.0)
Fixed interest & cash	10.8	28.1	7.2	18.6
Gross assets	\$38.6m	100.0	\$38.6	100.0
Total shares on issue	35,694,670		35,696,621*	

* During the month, 1,951 Options were exercised.

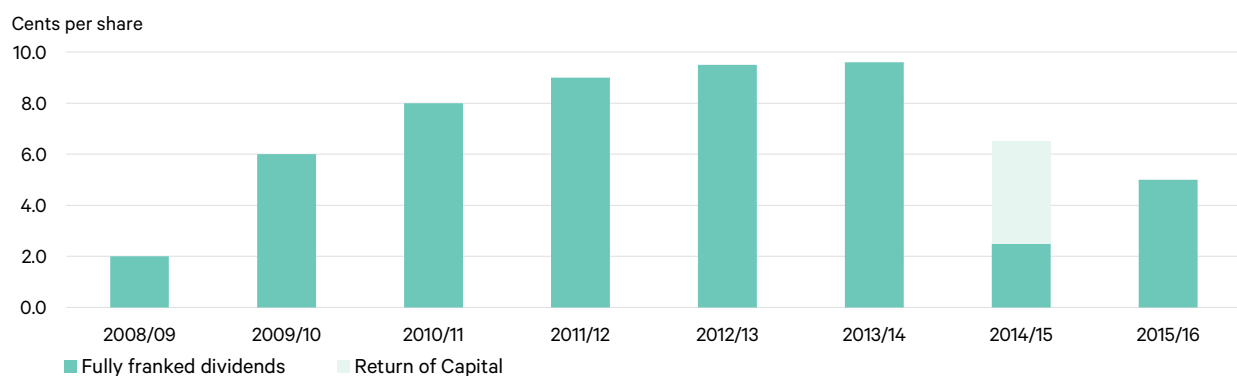
Top 20 holdings

Code	Company	Market value \$	Market value as % gross assets
HHV	Hunter Hall Global Value Limited	1,790,728	4.6%
CYA	Century Australia Investments Limited	1,681,695	4.4%
JBH	JB Hi Fi Limited	1,500,925	3.9%
MFG	Magellan Financial Group Limited	1,431,857	3.7%
STO	Santos Limited	1,409,975	3.7%
CGF	Challenger Limited	1,157,001	3.0%
MQG	Macquarie Group Limited	1,146,064	3.0%
A2M	a2 Milk Company Limited	1,068,503	2.8%
TGG	Templeton Global Growth Fund Limited	969,868	2.5%
AFY	Afterpay Holdings Limited	965,845	2.5%
GNC	Graincorp Limited	903,181	2.3%
CWY	Cleanaway Waste Management Limited	877,502	2.3%
RMD	ResMed Inc	817,391	2.1%
TWE	Treasury Wine Estates Limited	789,231	2.0%
NUF	Nufarm Limited	779,360	2.0%
BSL	BlueScope Steel Limited	759,123	2.0%
WOW	Woolworths Limited	757,656	2.0%
IMD	Imdex Limited	756,518	2.0%
OZL	OZ Minerals Limited	725,138	1.9%
ANN	Ansell Limited	652,369	1.7%

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



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.