

## WAM Active announces interim profit up 85.0% and increased fully franked dividend

22 February 2018  
ASX announcement  
& media release

### Highlights

- Interim profit before tax up 85.0%
- 11.2% investment portfolio performance, outperforming the index
- Increased fully franked interim dividend of 2.85 cents per share

WAM Active Limited (ASX: WAA) today announces an operating profit before tax of \$3.3 million for the half year to 31 December 2017, an 85.0% increase on the prior corresponding period (2016: \$1.8 million), and an 81.8% rise in operating profit after tax to \$2.4 million (2016: \$1.3 million).

The investment portfolio increased 11.2% in the six-month period, outperforming the UBS Bank Bill Index by 10.3% and the S&P/ASX All Ordinaries Accumulation Index by 1.9%.

Chairman Geoff Wilson AO said the strong interim result was achieved through the successful application of Wilson Asset Management's proven market-driven investment process that aims to deliver positive absolute returns throughout all market cycles.

"We are pleased with the risk-adjusted returns delivered during the period, with the investment portfolio outperforming the cash rate by 10.3%. Since inception, the portfolio has outperformed the market, with significantly less volatility, delivering on our investment objectives for shareholders.

"Our highly active market-driven investment process saw the equity portion of the investment portfolio turn over 1.6 times while holding an average equity weighting of 74.7%," Mr Wilson said.

The major contributors to the portfolio's performance were Seven Group Holdings (ASX: SVW), Afterpay Touch Group (ASX: APT), Platinum Asset Management (ASX: PTM), Flight Centre Travel Group (ASX: FLT) and Pengana International Equities (ASX: PIA).

Mr Wilson said the Board was pleased to deliver shareholders an increased fully franked interim dividend of 2.85 cents per share.

"WAM Active will pay an increased fully franked interim dividend that represents an annualised fully franked dividend yield of 5.1%", Mr Wilson said.

Shareholders who exercise their options before 6 April 2018 will be eligible to receive the fully franked interim dividend.

Performance at 31 December 2017	6 months	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Jan-08)
WAA Investment Portfolio*	11.2%	15.5%	15.1%	14.0%	13.2%
S&P/ASX All Ordinaries Accumulation Index	9.3%	12.5%	9.2%	10.4%	4.0%
<b>Outperformance</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)	0.9%	1.8%	2.1%	2.3%	3.6%
<b>Outperformance</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.

## Increased fully franked dividend and options

The Board declared a fully franked interim dividend of 2.85 cents per share, an increase on the previous year. The dividend will be paid on 27 April 2018 and will trade ex on 12 April 2018.

Shareholders who exercise their options before 6 April 2018 will be eligible to receive the fully franked 2.85 cent interim dividend. The options expire on 17 September 2018.

The dividend reinvestment plan (DRP) will operate with a 2.5% discount for the interim dividend. The last election date for the DRP will be 17 April 2018.

The Board is committed to paying an increasing stream of fully franked dividends, provided the Company has sufficient profit reserves and franking credits, and 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.

### WAM Active's fully franked dividends since inception



## Equity market outlook

Wilson Asset Management Chief Investment Officer Chris Stott said the investment team was optimistic about mispricing opportunities as volatility returned to the equity market.

“We believe global equity markets will face a period of uncertainty as they grapple with the consequences of monetary policy normalisation and exchange traded fund liquidity,” Mr Stott said.

“We are almost nine years into the current global equity bull market and risk has appeared mispriced for some time. The correction in valuations and heightened volatility experienced in early February is indicative of investors' uncertainty.

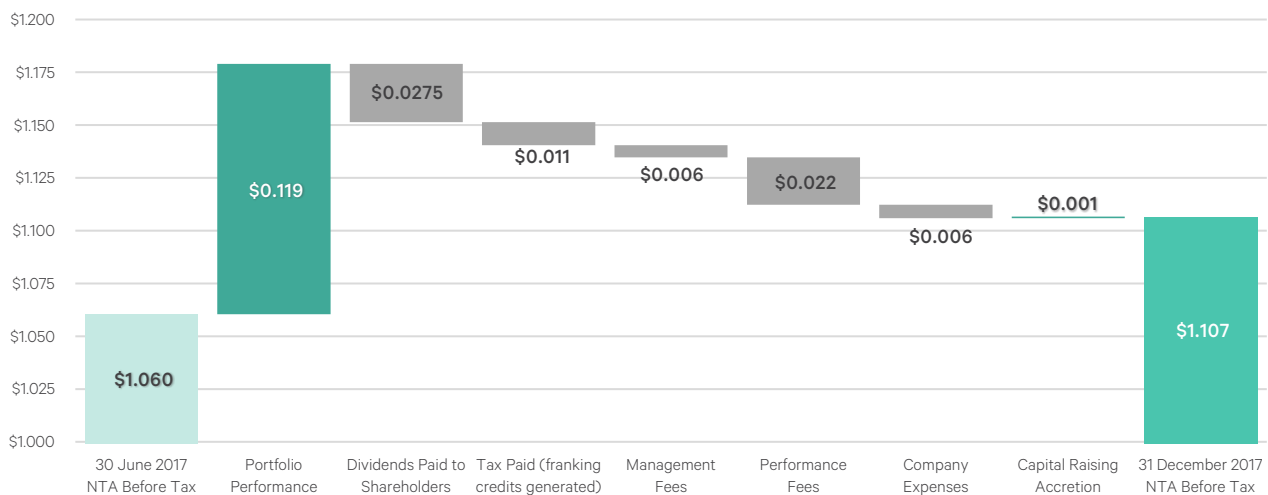
“Against this backdrop, we believe low-risk, opportunistic investments will present themselves and we are well positioned to take advantage of any potential equity market mispricing.

“As has been the case in previous cycles, our ability to hold high levels of cash provides some protection in terms of preserving capital through periods of high volatility,” he said.

## Top holdings as at 31 December 2017

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	HSO	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 Health Care Limited	BTT	BT Investment Management Limited
TAH	Tabcorp Holdings Limited	GTY	Gateway Lifestyle Group
MMS	McMillan Shakespeare Limited	AOG	Aveo Group

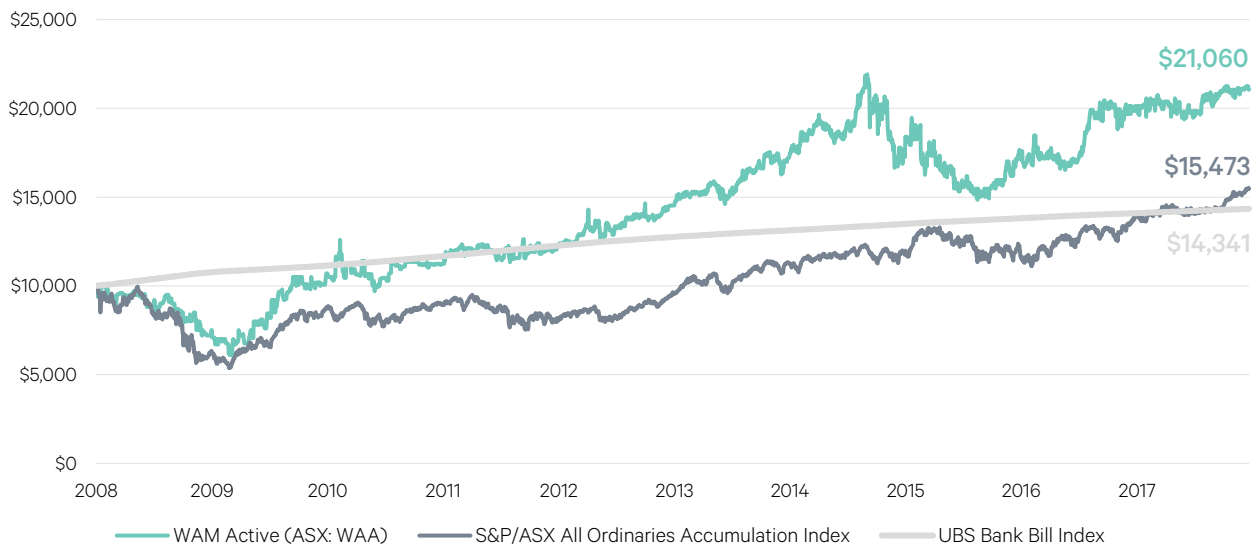
## WAM Active pre-tax NTA performance



WAM Active's before tax NTA, after adjusting for dividends, increased 7.0% for the six months to 31 December 2017. This increase is after tax paid of 1.1 cents per share or 1.1%, with 2.75 cents of fully franked dividends being paid during the period. Corporate tax payments made throughout the period and performance fees accrued of 2.1% were the major items of difference between the investment portfolio performance of 11.2% and the net tangible asset performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the period were management fees of 0.5% and other company related expenses of 0.6%, being offset by capital raising accretion of 0.1%.

## Growth of a \$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.

The total shareholder return for the Company for the period to 31 December 2017 was 6.2%. This was primarily driven by WAM Active's investment portfolio performance during the period. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

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## About WAM Active

WAM Active Limited (ASX: WAA) has an investment management agreement with 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. WAM Active's investment objectives are to deliver a regular income stream via fully franked dividends, provide a positive return with low volatility, after fees, over most periods of time, and to preserve capital.

## About Wilson Asset Management

Wilson Asset Management has a 20-year track record of making a difference for shareholders and the community. As the investment manager for six leading listed investment companies: WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Microcap (ASX: WMI), WAM Research (ASX: WAX), WAM Active (ASX: WAA) and Century Australia (ASX: CYA), Wilson Asset Management invests almost \$3 billion on behalf of more than 55,000 retail investors. Wilson Asset Management is the creator and lead supporter of Future Generation Investment Company and Future Generation Global Investment Company.



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