

Chairman's update

Geoff Wilson AO



- 185.8% increase in operating profit before tax
- 3.0c per share fully franked interim dividend
- 9.8% investment portfolio performance in the six month period
- Share Purchase Plan at the fixed price of \$1.086 per share, cum the 3.0c per share fully franked interim dividend

WAM Active achieved a 185.8% increase in operating profit before tax to \$3.3 million and a 197.8% increase in operating profit after tax to \$2.4 million in its FY2020 half year results. The operating profit is reflective of the solid investment portfolio performance over the period.

The Board of Directors is pleased to deliver a fully franked interim dividend of 3.0 cents per share, currently representing an annualised fully franked dividend yield of 5.4%. Since inception in January 2008, WAM Active has paid 68.7 cents per share in fully franked dividends to shareholders.

The fully franked dividend has been achieved through the solid performance of the investment portfolio since inception and the profits reserve available and is consistent with the Company's investment objective of delivering investors a stream of fully franked dividends. The Company's profits reserve at the end of the period was 7.0 cents per share and forms part of the net tangible assets (NTA).

The investment portfolio increased 9.8%** during the six months with an average cash level of 18.8%. The Bloomberg AusBond Bank Bill Index increased 0.5% and the S&P/ASX All Ordinaries Accumulation Index rose 3.6% during the period. We were pleased with the investment portfolio's solid performance, which was achieved by the investment team's rigorous application of our proven investment process.

WAM Active provided shareholders with a total shareholder return of 12.5% in the six months to 31 December 2019, reflecting

the Company's solid investment portfolio performance and the increase in the share price relative to NTA.

The Board of Directors today announced a Share Purchase Plan (SPP). The SPP offers existing shareholders the opportunity to acquire up to \$30,000 of new fully paid ordinary shares in WAM Active without incurring brokerage or other charges. The SPP will be offered at the fixed price of \$1.086 per share. Shareholders who participate will be entitled to the fully franked interim dividend of 3.0 cents per share on shares issued under the SPP. WAM Active's pre-tax NTA as at 31 January 2020 was \$1.0861 per share after the provision of tax payable in February 2020. The latest share price closed at \$1.11 per share on 18 February 2020.

The Board currently intends to offer existing WAM Active professional and sophisticated investors[#] the ability to participate in a Placement at \$1.086 per share, the same fixed price as the SPP. The Placement is currently expected to occur in the first week of April 2020.

We look forward to providing an update to our WAM Active shareholders during our Investor Conference Call on Thursday 12 March 2020 at 4.00pm-5.00pm (Sydney time) and meeting you at our next Shareholder Presentations in May 2020.

^{*}Based on the 18 February 2020 share price of \$1.11 per share.

^{**}Investment portfolio performance and index returns are before expenses, fees and taxes.

[#]Shareholders on the WAM Active register as at 7:00pm (Sydney time) on Tuesday, 18 February 2020 with a registered address in Australia or New Zealand.

[#]These terms are defined in the Corporations Act and refer to individuals with net assets greater than \$2.5 million, or those who earn gross income of \$250,000, or a Superannuation Fund with net assets of at least \$10 million.

Annualised fully franked interim dividend

6.0c

Annualised fully franked dividend yield*

5.4%

Share Purchase Plan price (cum dividend)

\$1.086

Fully franked interim dividend

The Board declared a fully franked interim dividend of 3.0 cents per share.

Since inception in January 2008, WAM Active has paid 68.7 cents per share in fully franked dividends to shareholders.

Key dividend dates

Ex dividend date	15 April 2020
Record date	16 April 2020
Last election date for DRP	20 April 2020
Payment date	28 April 2020

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

The Company's profits reserve at the end of the period was 7.0 cents per share and forms part of the NTA.



Lead Portfolio Manager's update

Oscar Oberg

In employing our market-driven investment process, we are focused on delivering positive absolute portfolio performance while taking the least risk possible.

During the period we invested in 150 individual companies and turned the equity portion of the investment portfolio over 1.7 times. Holdings that significantly contributed to the investment portfolio's outperformance during the period included: payment solution provider EML Payments (ASX: EML), which increased 55.3%; cloud service software provider Megaport (ASX: MP1), which increased 64.5%; contract services provider NRW Holdings (ASX: NWH), which increased 28.7%; fleet leaser Eclipx Group (ASX: ECX), which increased 10.7% and Australia's largest pizza delivery service Domino's Pizza Enterprises (ASX: DMP), which increased 39.1%. Detractors for the period included: CIMIC Group (ASX: CIM), Appen (ASX: APX) and Prospa Group (ASX: PGL).

The market for initial public offerings (IPOs) remained quiet over the period with a number of deals such as Latitude, Retail Zoo, Property Zoo and Onsite Rental cancelled due to a lack of investor demand. We participated in the IPO of Tyro Payments (ASX: TYR), which has performed well with the share price up 28.0%. Despite the lack of demand for IPOs, deals in the secondary market were strong and we participated in a number of capital raisings to fund earnings accretive acquisitions. We expect investor appetite for secondary deals to continue and see a limited IPO pipeline into 2020.

The continuation of accommodative monetary policies in Australia and globally facilitated further growth in asset prices despite significant geopolitical tensions such as the US-China trade tensions, Brexit and the Hong Kong protests. Pockets of the domestic economy showed weakness following strong performance in the August reporting season, affecting sectors such as retail and automotive, while others, such as mining services and housing exposed companies, showed promise. The media sector remained weak, with key verticals such as banks, automotive and insurance reducing their advertising budgets. The December quarter saw a shift to small-to-mid cap companies offering value, while the 'high flying' technology sector underperformed. Rising commodity prices in oil, gold and iron ore led to strong performance from resources companies. The mining services sector stands to benefit from increased infrastructure investment by mining companies. Property prices appear to have bottomed and we hold a positive outlook for building material companies and property developers, which performed well during the period.

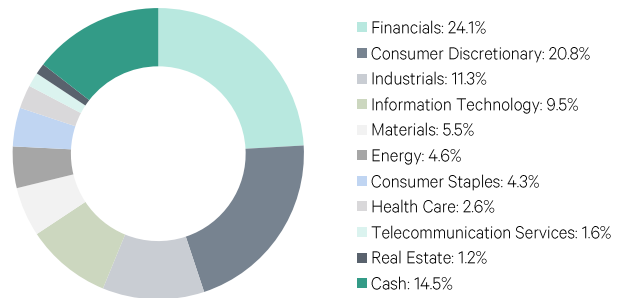
Performance

as at 31 December 2019

	Fin YTD	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Jan-08)
WAA Investment Portfolio	9.8%	21.7%	11.0%	12.6%	10.9%	12.4%
S&P/ASX All Ordinaries Accumulation Index	3.6%	24.1%	10.4%	9.3%	7.9%	4.9%
Outperformance	+6.2%	-2.4%	+0.6%	+3.3%	+3.0%	+7.5%
Bloomberg AusBond Bank Bill Index (Cash)	0.5%	1.5%	1.7%	1.9%	2.9%	3.3%
Outperformance	+9.3%	+20.2%	+9.3%	+10.7%	+8.0%	+9.1%

Investment performance and Index returns are before expenses, fees and taxes.

Portfolio composition by sector



Top 20 holdings with portfolio weightings

as at 31 December 2019

Code	Company	%
SVW	Seven Group Holdings Limited	4.9%
KGX	Kogan.com Limited	4.0%
TGG	Templeton Global Growth Fund Limited	4.0%
PIA	Pengana International Equities Limited	3.9%
CKF	Collins Foods Limited	3.3%
APX	Appen Limited	3.2%
AMC	Arcor plc	3.0%
CTX	Caltex Australia Limited	3.0%
GMA	Genworth Mortgage Insurance Australia Limited	2.9%
IEL	IDP Education Limited	2.8%
SDF	Steadfast Group Limited	2.7%
A2M	The a2 Milk Company Limited	2.0%
APT	Afterpay Limited	2.0%
NWH	NRW Holdings Limited	2.0%
EQT	EQT Holdings Limited	1.9%
ALL	Aristocrat Leisure Limited	1.9%
TYR	Tyro Payments Limited	1.8%
SHV	Select Harvests Limited	1.8%
MND	Monadelphous Group Limited	1.7%
UWL	Uniti Group Limited	1.6%