



W | A | M *Active*

2019 Annual Report

For the year ended 30 June 2019

WAM Active Limited

WAM Active Limited (WAM Active or the Company) is a Listed Investment Company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Directors

Geoff Wilson AO (Chairman)
Kate Thorley
Emma Rugge-Price
Karina Kwan

Company Secretary

Linda Vo

Investment Manager

MAM Pty Limited
Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
(part of Wilson Asset Management)

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Contact Details

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Sydney NSW 2001
T: (02) 9247 6755
F: (02) 9247 6855
E: info@wilsonassetmanagement.com.au
W: wilsonassetmanagement.com.au

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: (02) 9290 9600
F: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Australian Securities Exchange

WAM Active Limited
Ordinary Shares (WAA)

Shareholder Presentations 2019

Annual General Meeting and Presentation

Sydney

Tuesday 19 November

Presentation: 10.00am – 12.00pm

AGM: 3.15pm – 3.35pm

The Westin Sydney

1 Martin Place

Sydney NSW 2000

To be streamed live on our website wilsonassetmanagement.com.au.



Canberra

Monday 18 November

10.00am – 12.00pm

Hotel Realm

18 National Circuit

Canberra ACT 2600

Brisbane

Thursday 21 November

10.00am – 12.00pm

Hilton Hotel

190 Elizabeth Street

Brisbane QLD 4000

Hobart

Monday 25 November

10.00am – 12.00pm

Hotel Grand Chancellor

1 Davey Street

Hobart TAS 7000

Perth

Tuesday 26 November

10.00am – 12.00pm

The Westin

480 Hay Street

Perth WA 6000

Adelaide

Wednesday 27 November

10.00am – 12.00pm

Hilton Hotel

233 Victoria Square

Adelaide SA 5000

Melbourne

Thursday 28 November

10.00am – 12.00pm

Grand Hyatt

123 Collins Street

Melbourne VIC 3000

The Future Generation Presentations will be held from 12.15pm - 1.15pm in each city.

Access exclusive investment ideas from leading Australian and global fund managers at the

Future Generation Investment Forum which will be held from 1.45pm – 3.15pm on Thursday 28 November in Melbourne.

Key highlights FY2019

+3.6%

Investment portfolio performance

5.9c

Fully franked full year dividend

5.9%

Fully franked dividend yield

3.1 times

Equity portion of portfolio turnover

Snapshot as at 30 June 2019

Listing date	January 2008
Gross assets	\$48.3m
Market capitalisation	\$46.0m
Share price	\$0.995
Shares on issue	46,208,095
Net tangible assets (pre-tax)	\$1.04
Net tangible assets (post-tax)	\$1.04
Fully franked dividends FY2019	5.9 cents
Fully franked FY2019 dividend yield	5.9%

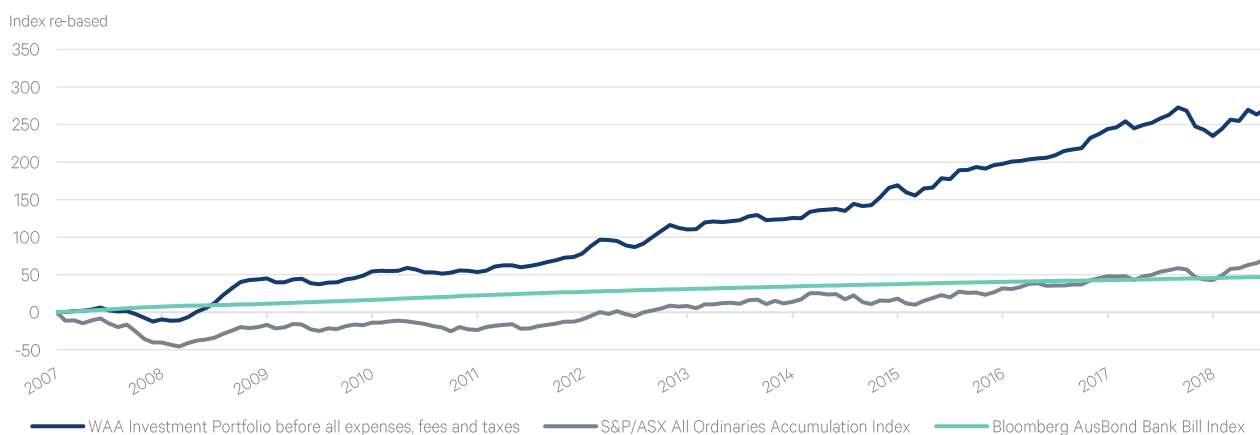
FY2019 results

WAM Active achieved an operating profit before tax of \$0.4 million for the year (FY2018: \$4.4 million) and an operating profit after tax of \$0.7 million (FY2018: \$3.4 million). The after tax figure was boosted by a \$0.3 million income tax benefit delivered through franking credits received on franked dividend income from investee companies.

The investment portfolio increased 3.6% and was achieved with an average cash weighting of 31.2% during a volatile period for equity markets. The portfolio has returned 12.1% per annum since inception. The Bloomberg AusBond Bank Bill Index increased 2.0% and the S&P/ASX All Ordinaries Accumulation Index rose 11.0% for the year. The highly active investment process saw the equity component of the investment portfolio turnover 3.1 times during the year with 218 individual companies traded. The investment portfolio performance has been delivered with less volatility than the market, as measured by its standard deviation.

The Board declared a fully franked final dividend of 2.95 cents per share, bringing the fully franked full year dividend to 5.9 cents per share. Since inception, WAM Active has paid 65.8 cents per share in fully franked dividends to shareholders.

WAM Active's investment portfolio has returned 12.1% p.a. over 11½ years outperforming the market by 7.3% p.a.



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Chairman's letter

Dear Fellow Shareholders,

I would like to thank all WAM Active shareholders for your continued support of the Company during the 2019 financial year and welcome all new shareholders.

Since listing in 2008, the Company has effectively applied an investment approach which provides investors with exposure to active trading strategies which aim to deliver positive returns in all market cycles. WAM Active has achieved an investment portfolio return of 12.1% per annum since inception in 2008, with less volatility than the market as measured by its standard deviation.

The 2019 financial year was a dynamic year for equity markets, beginning with expectations of synchronised – albeit softening – global growth and tighter United States (US) monetary policy. In the December quarter the global economy faltered, China's growth slowed and the end of the longest US bull market appeared to be approaching. By January 2019, the US Federal Reserve was conducting its u-turn, pausing its interest rate increases and signalling the end to quantitative tightening. This, coupled with aggressive Chinese stimulus, drove equity markets to new heights as interest rates fell and the global economy weakened.

Over the financial year, large-cap companies outperformed small-cap companies in most major global equity markets during a time of heightened volatility. The divergence of large-cap and small-cap returns globally was mirrored in Australia, as the S&P/ASX 200 Accumulation Index increased 11.5% in the financial year and the S&P/ASX Small Ordinaries Accumulation Index rose by just 1.9%. The large-cap performance led the S&P/ASX All Ordinaries Accumulation Index, which rose 11.0% for the financial year. The WAM Active investment portfolio increased 3.6% in the 12-month period, climbing 4.5% in the final quarter and rebounding 10.8% in the six months to 30 June 2019. The Bloomberg AusBond Bank Bill Index (Cash) rose by 2.0% for the year.

We were highly active during the period, with the equity component of the investment portfolio turning over 3.1 times during the year with 218 individual companies traded. Over the 12-months we adjusted our cash levels continuously while averaging 31.2% throughout the period. During the year we participated in 30 initial public offerings and capital raisings open only to institutional investors and we deployed tactical positions in the information technology sector, trading 25 individual companies during the period.

The largest contributors to the investment portfolio's performance during the period included: financial technology business, Afterpay Touch Group (ASX: APT); artificial intelligence and machine learning specialist, Appen (ASX: APX); English language focused education provider, IDP Education (ASX: IEL); restaurant franchisee business, Collins Foods (ASX: CKF); and medical biodegradable polymers developer, Polynovo (ASX: PNV).

In 2019, the Company recorded an operating profit before tax of \$0.4 million (2018: \$4.4 million) and an operating profit after tax of \$0.7 million (2018: \$3.4 million). The after tax figure was boosted by a \$0.3 million income tax benefit delivered through franking credits received on franked dividend income from investee companies. The fully franked full year dividend for the 2019 year was 5.9 cents per share,

representing a 5.9% yield on the 30 June 2019 share price. Since inception, WAM Active has paid 65.8 cents per share in fully franked dividends to shareholders.

We remain cautious about the direction of the Australian market, as the record low interest rates have driven up valuations and increased speculation. The investment portfolio's cash level ended the year at 26.3%.

Company performance

There are three key measures we use to evaluate the performance of a listed investment company: investment portfolio performance; net tangible asset (NTA) growth; and total shareholder return (TSR). Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Active is long-term absolute investment portfolio performance in all market cycles with low volatility. NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees) and is essentially the realisable value of the Company. The NTA is announced to shareholders on the ASX each month. TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits distributed to shareholders by way of fully franked dividends.

1. Investment portfolio performance

Performance at 30 June 2019	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Jan-08)
WAM Active Investment Portfolio	3.6%	10.2%	10.7%	12.7%	12.1%
S&P/ASX All Ordinaries Accumulation Index	11.0%	12.6%	9.0%	10.0%	4.8%
Outperformance	-7.4%	-2.4%	+1.7%	+2.7%	+7.3%
Bloomberg AusBond Bank Bill Index (cash)	2.0%	1.9%	2.1%	3.0%	3.4%
Outperformance	+1.6%	+8.3%	+8.6%	+9.7%	+8.7%

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

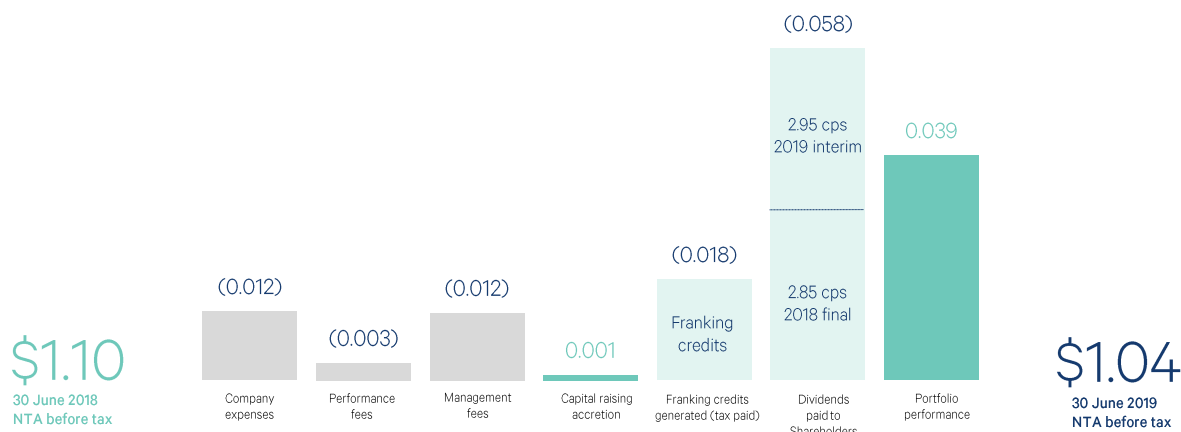
Set out below is the performance of WAM Active since listing on a financial year basis. The performance data excludes all expenses, fees and taxes and is used as a guide to how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index over the same period.

Financial Year	WAM Active Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	2.2%	-15.2%	+17.4%
2008/2009	9.6%	-22.1%	+31.7%
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%
2013/2014	19.4%	17.6%	+1.8%
2014/2015	5.5%	5.7%	-0.2%
2015/2016	18.0%	2.0%	+16.0%
2016/2017	11.6%	13.1%	-1.5%
2017/2018	15.7%	13.7%	+2.0%
2018/2019	3.6%	11.0%	-7.4%

2. NTA growth

WAM Active's NTA before tax decreased 0.2% for the 12 months to 30 June 2019, including the 5.8 cents per share of fully franked dividends paid to shareholders during the year. This decrease is after corporate tax paid of 1.8 cents per share or 1.6% during the year. Corporate tax payments made throughout the year were the major items of difference between the investment portfolio performance of 3.6% 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 value of the assets during the year were management fees of 1.0%, other company related expenses of 1.0% and performance fee payable of 0.3%, being offset by capital raising accretion of 0.1%.

WAM Active NTA before tax performance



3. Total shareholder return

This measure shows the tangible return to shareholders, being the change in the share price together with dividends, assuming the dividends are reinvested during the period. The TSR for WAM Active for the year to 30 June 2019 was impacted by the decline in the share price premium to NTA and resulting discount at the end of the period. As at 30 June 2019, the share price discount to NTA was 4.1% (2018: premium of 0.5%). This was offset by the positive investment portfolio performance, with TSR decreasing 4.8% for the year. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

Growth of a \$10,000 investment since inception



Notes:

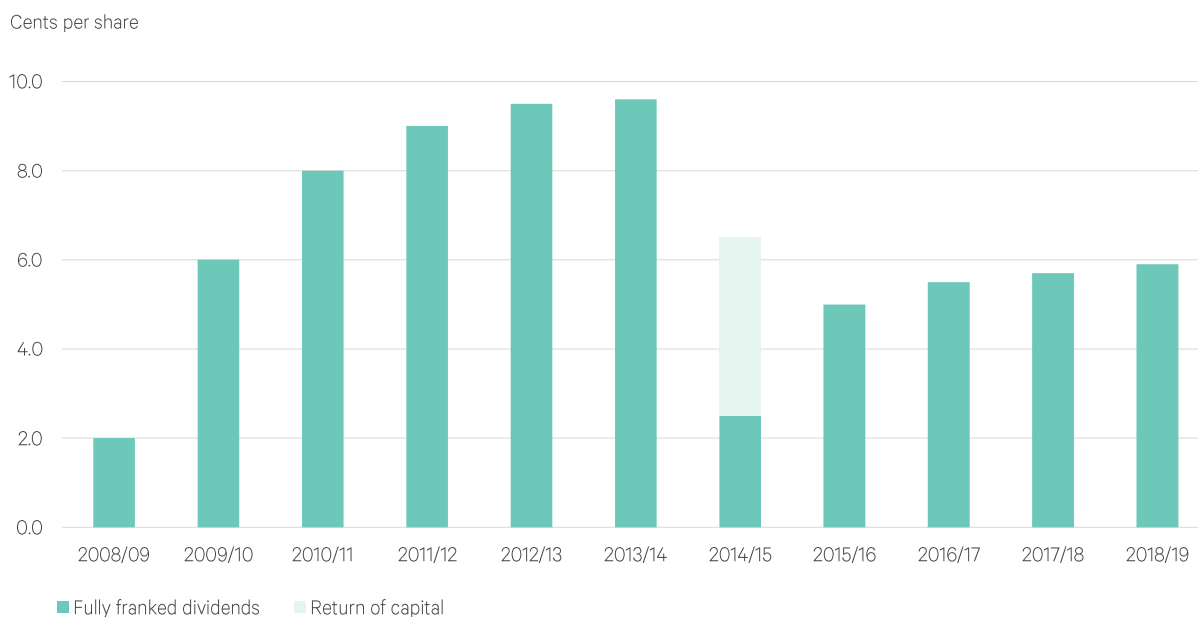
1. The above graph reflects the period from inception in January 2008 to 30 June 2019.
2. WAM Active's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index and the Bloomberg AusBond 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.

Dividends

The Board declared a fully franked full year dividend of 5.9 cents per share, an increase of 3.5% on the previous year with the fully franked final dividend being 2.95 cents per share. Since inception, the Company has paid 65.8 cents per share in fully franked dividends to shareholders.

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. As at 31 July 2019, the Company had 6.8 cents per share available in its profits reserve, before the payment of the fully franked final dividend of 2.95 cents per share. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. The dividend reinvestment plan is available to shareholders for both the interim and final dividend.

WAM Active dividends and return of capital since inception



Options

On 11 August 2016, the Company announced a one-for-one bonus option issue to all shareholders at no cost. The Company raised \$11,224,125 during the term of the option issue, which expired on 17 September 2018. A total of 9,845,725 options were exercised, with the remaining options expiring.

The Board is committed to growing the Company to the benefit of all shareholders and the bonus option issue was an effective way to do so. 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.

Company outlook

WAM Active enters the 2020 financial year with a conservative balance sheet, a high cash weighting, no debt and a flexible and proven investment approach with the patience and expertise of an experienced investment team. Following a strong rally in July 2019, August has seen a higher level of volatility driven by trade war re-escalation and sharp currency movements arising from global central banks' interest rate decisions. The preservation of shareholder capital is a key focus of our investment process. Despite our circumspect outlook, we are confident in our ability to continue to identify and act on mispricing opportunities in all market conditions, while taking the least risk possible.

Public policy and advocacy

On behalf of our 80,000 shareholders of our six LICs as well as self-funded retirees and low-income earners throughout Australia, we advocated against the inequitable and illogical policy to remove refunds on franked dividend income that was announced on 13 March 2018. We were pleased to see the end of the proposal and thank our shareholders for their support.

Shareholder engagement and communication

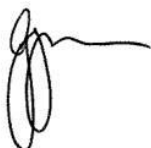
Shareholders are the owners of WAM Active. Our responsibility is to manage the Company on their behalf and be available to report to them on a regular basis. We encourage all shareholders to meet with us and utilise our proactive approach to keeping them informed. We do this regularly in many ways, including:

- Weekly investor updates from our Lead Portfolio Managers;
- Regular investment news and market insights;
- Regular roundtables with our shareholders and planners, advisers and their clients;
- Monthly investment updates;
- Semi-annual conference calls on our LICs;
- Semi-annual presentations and lunches across all major Australian cities; and
- Annual and half yearly profits announcements.

WAM Active shareholders are encouraged to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information.

We aim to provide valuable and insightful information and welcome all feedback on how we can improve our communication and engagement. Please contact myself or our Head of Corporate Affairs James McNamara on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au with any questions or feedback.

Thank you for your continued support.



Geoff Wilson AO
Chairman

Investing with Wilson Asset Management

Wilson Asset Management has a strong track record of delivering risk-adjusted returns for shareholders and making a difference for investors and the community for more than 20 years. Established in 1997 by Geoff Wilson AO, Wilson Asset Management is responsible for investing more than \$3 billion in Australian and international companies on behalf of 80,000 retail investors across six LICs:

- WAM Capital (ASX: WAM) – focus on small to mid-cap Australian companies
- WAM Leaders (ASX: WLE) – focus on large-cap Australian companies
- WAM Global (ASX: WGB) – focus on small to mid-cap international companies
- WAM Microcap (ASX: WMI) – focus on micro-cap Australian companies
- WAM Research (ASX: WAX) – focus on small to mid-cap Australian companies
- WAM Active (ASX: WAA) – focus on market mispricing within the Australian equity market

Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement and provides all team members with \$10,000 each year to donate to charities of their choice. This philanthropic investment is made by the Investment Manager.

WAM Active has an investment management agreement with Wilson Asset Management. For WAM Active shareholders, that means an experienced team working on your behalf, to achieve your investment aims. Investing with Wilson Asset Management provides the following benefits:

Risk-adjusted returns. Wilson Asset Management is focused on delivering strong returns while taking the least risk possible to protect shareholders' capital. Our flexible mandate allows for above average cash holdings.

Deep diversification. LICs managed by Wilson Asset Management hold small positions in many companies, providing shareholders with access to highly diversified portfolios.

Experienced experts. Wilson Asset Management's investment team is comprised of 12 professionals with a total focus on protecting and growing shareholder capital and is informed by more than 160 years combined equity market experience.

Full market access. Wilson Asset Management's investment team hold more than 2,500 company meetings each year, that coupled with their extensive network in the market, provides insight, intelligence and opportunities.

Transparency. Wilson Asset Management values shareholder engagement and its LICs adhere to strict corporate governance requirements.

Shareholder advocacy. Wilson Asset Management regularly and actively engages in public debate on behalf of self-managed superannuation funds and retail investors.

A positive impact to the community. Wilson Asset Management is passionate about making a difference to the broader community.

Objectives and investment process

Investment objectives

The investment objectives of WAM Active are to:

- deliver investors a regular income stream in the form of fully franked dividends;
- provide investors with a positive return with low volatility, after fees, over most periods of time; and
- preserve capital in both the short term and long term.

Investment process – focus on market mispricing within the Australian equity market

WAM Active provides investors with access to Wilson Asset Management’s market-driven process, focused on identifying market mispricing opportunities in the Australian equity market. The investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin offs and restructures), arbitrage opportunities, LIC discount arbitrages, short selling and trading market themes and trends. We also participate in investment opportunities that provide the Company with a yield that is better than our return on cash.



Directors' Report to shareholders for the year ended 30 June 2019

The Directors present their report together with the financial report of WAM Active for the financial year ended 30 June 2019.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a regular income stream of fully franked dividends, provide a positive return with low volatility and preserve capital. No change in this activity took place during the year or is likely to in the future.

Operating and financial review

Investment operations over the year resulted in an operating profit before tax of \$392,660 (2018: \$4,423,310) and an operating profit after tax of \$673,133 (2018: \$3,415,830). The after tax figure was boosted by a \$280,473 income tax benefit delivered through franking credits received on franked dividend income from investee companies. The operating profit for the year is reflective of the investment portfolio performance and the growth in assets over the period. The investment portfolio increased 3.6% in the 12 months to 30 June 2019, whilst holding on average 31.2% in cash during a volatile period for equity markets.

The operating profit for the period includes unrealised gains or losses arising from changes in the market value of the investments held in the portfolio during the period. This movement in the market value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. Because of this treatment under the Accounting Standards, this can cause large variations in reported operating profits between periods.

The operating profit for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

Financial position

The net asset value of the Company at as 30 June 2019 was \$48,342,728 (2018: \$45,101,455). Further information on the financial position of the Company is contained in the Chairman's Letter.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2019.

Dividends paid or declared

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2018 final dividend of 2.85 cents per share paid on 26 October 2018	1,303,630
Fully franked FY2019 interim dividend of 2.95 cents per share paid on 26 April 2019	1,356,099

Since the end of the year, the Directors declared a fully franked final dividend of 2.95 cents per share to be paid on 18 October 2019.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Emma Ruge-Price
- Karina Kwan (appointed 3 July 2018)
- Kate Thorley
- Matthew Kidman (resigned 3 July 2018)
- Chris Stott (resigned 3 July 2018)

Information on Directors

Geoff Wilson AO (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 39 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed investment companies to deliver both investment and social returns, Future Generation Australia and Future Generation Global. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff has been Chairman of the Company since July 2007.

Other current directorships

Geoff Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Research Limited (appointed June 2003), WAM Leaders Limited (appointed March 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Investment Company Limited (appointed July 2014) and Future Generation Global Investment Company Limited (appointed May 2015) and a Director of Australian Leaders Fund Limited (appointed October 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Pty Limited (appointed September 2014), 8IP Emerging Companies Limited (appointed April 2018), Incubator Capital Limited (appointed February 2000), Hearts and Minds Investments Limited (appointed September 2018), Wealth Defender Equities Pty Limited (appointed October 2018), Wollongong 2022 Limited (appointed March 2019), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Geoff Wilson AO (Chairman – non-independent) (cont'd)

Former directorships in the last 3 years

Geoff Wilson resigned as a director of Clime Capital Limited in March 2018.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

Emma Rugge-Price (Director – independent)

Experience and expertise

Emma Rugge-Price has had a global career in technology marketing, having worked for both multi-national and start-up organisations in Hong Kong, London and Silicon Valley. Returning to Australia, she joined GE (and GE Capital), where she led local and global brand programs, marketing and communications for over 12 years. Emma has deep expertise in building brands and reputations through creative campaigns and strategic thought leadership.

Emma Rugge-Price has been a Director of the Company since March 2018.

Other current directorships

Emma Rugge-Price has no other directorships.

Former directorships in the last 3 years

Emma Rugge-Price has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Emma Rugge-Price has no interests in shares of the Company.

Interests in contracts

Emma Rugge-Price has no interests in contracts of the Company.

Karina Kwan (Director – independent) (appointed 3 July 2018)

Experience and expertise

Karina Kwan is highly experienced in the financial services industry with exceptional experience in management, finance, risk management, corporate governance and strategy. Karina has led an accomplished executive career, most recently as General Manager of Group Support Services Finance at the Commonwealth Bank of Australia and prior to that as the Chief Financial Officer of Citigroup for Australia and New Zealand. Karina holds a Bachelor of Economics, is a CPA Australia Fellow and a member of the Australian Institute of Company Directors. Karina also serves on the Board of Advice for The University of Sydney Business School.

Karina Kwan has been a Director of the Company since July 2018.

Karina Kwan (Director – independent) (cont'd)

Other current directorships

Karina Kwan is a Director of Kyckr Limited (appointed November 2018).

Former directorships in the last 3 years

Karina Kwan has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Chair of the Audit and Risk Committee.

Interests in shares of the Company

Karina Kwan has no interests in shares of the Company.

Interests in contracts

Karina Kwan has no interests in contracts of the Company.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 14 years' experience in the funds management industry and more than 20 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Leaders Limited, WAM Research Limited, WAM Microcap Limited, WAM Global Limited and Future Generation Investment Company Limited. Kate is the Joint Company Secretary of Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a member of the Australian Institute of Company Directors (AICD).

Kate Thorley has been a Director of the Company since July 2014.

Other current directorships

Kate Thorley is a Director of WAM Research Limited (appointed August 2014), Future Generation Investment Company Limited (appointed April 2015), WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed August 2016), WAM Microcap Limited (appointed March 2017) and WAM Global Limited (appointed February 2018).

Former directorships in the last 3 years

Kate Thorley has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Kate Thorley has no interests in contracts of the Company.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Linda Vo

Linda Vo has over 15 years' experience in financial accounting including more than 11 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also Company Secretary for six listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Microcap Limited, WAM Global Limited and WAM Leaders Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda was appointed Company Secretary of WAM Active Limited in February 2016.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Active.

a) Remuneration of Directors

All Directors of WAM Active are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$110,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2019:

Director	Position	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,132	868	10,000
Emma Rugge-Price	Director	27,397	2,603	30,000
Karina Kwan	Director	27,397	2,603	30,000
Kate Thorley	Director	9,132	868	10,000
		73,058	6,942	80,000

Remuneration Report (Audited) (cont'd)

a) Remuneration of Directors (cont'd)

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals benefits for FY2019 and do not receive any retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

The following table reflects the Company's performance and Directors' remuneration over five years:

	2019	2018	2017	2016	2015
Operating profit after tax (\$)	673,133	3,415,830	2,065,860	3,139,348	897,681
Dividends (cents per share)	5.9	5.7	5.5	5.0	2.5
NTA after tax (cents per share)	104.46	108.32	105.02	103.94	99.94
Total Directors' remuneration (\$)	80,000	90,082	90,000	90,000	80,000
Shareholder's equity (\$)	48,342,728	45,101,455	40,818,742	36,555,727	34,742,619

As outlined above, Directors' fees are not directly linked to the Company's performance.

b) Director related entities remuneration

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited (the Investment Manager or the Manager). Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$524,966 inclusive of GST (2018: \$495,243). As at 30 June 2019, the balance payable to the Manager was \$44,265 inclusive of GST (2018: \$43,174).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the gross value of the portfolio above the high-water mark.

The high-water mark is the greater of:

- the highest gross value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus.

If the gross value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered. As at 30 June 2019, a performance fee of \$134,109 inclusive of GST was payable to MAM Pty Limited (2018: \$1,255,324).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Active to provide accounting and Company Secretarial services on commercial terms. For the

Remuneration Report (Audited) (cont'd)

b) Director related entities remuneration (cont'd)

year ended 30 June 2019, the fee for accounting services amounted to \$46,200 inclusive of GST (2018: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2018: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

These amounts are in addition to the above Director's remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

c) Remuneration of executives

There are no executives that are paid by the Company. MAM Pty Limited, the Investment Manager of the Company, provides the day to day management of the Company and is remunerated as outlined above.

d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2018	Acquisitions	Disposed	Balance at the date of this report
Geoff Wilson	1,113,892	-	-	1,113,892
Kate Thorley	52,913	10,040	-	62,953
Emma Ruge-Price	-	-	-	-
Karina Kwan (appointed 3 July 2018)	-	-	-	-
	1,166,805	10,040	-	1,176,845

Directors and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report -

Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	4	2
Emma Ruge-Price	4	4
Karina Kwan (appointed 3 July 2018)	4	4
Kate Thorley	4	4

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2019 Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
Karina Kwan (appointed 5 July 2018)	4	4
Emma Rugge-Price	4	4
Kate Thorley	4	4

After balance date events

On 28 June 2019, WAM Active announced its intention to make a conditional off-market cash offer to acquire all Keybridge Capital Limited (ASX: KBC) ordinary shares at 7.5 cents per share. On 22 August 2019, WAM Active announced the withdrawal of its intention to make an offer due to a number of defeating conditions being breached by KBC.

Since the end of the year, the Directors declared a fully franked final dividend of 2.95 cents per share to be paid on 18 October 2019.

No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affects or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental Regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

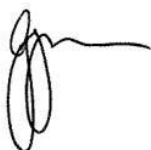
Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2019 is provided on the Company's website at wilsonassetmanagement.com.au.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 22 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated in Sydney this 22nd day of August 2019

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**Auditor's Independence Declaration
To the Directors of WAM Active Limited
ABN 49 126 420 719**

In relation to the independent audit of WAM Active Limited for the year ended 30 June 2019,
I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



S M Whiddett
Partner

Pitcher Partners
Sydney

22 August 2019

Statement of comprehensive income for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Net realised and unrealised (losses)/gains on financial investments		(213,307)	5,027,921
Other revenue from operating activities	2	1,811,054	1,699,042
Management fees		(489,173)	(461,476)
Performance fees		(124,965)	(1,169,734)
Directors fees		(80,000)	(90,082)
Brokerage expense on share purchases		(213,402)	(254,360)
Expenses paid on borrowed stock		(6,387)	(66,186)
Custody fees		(4,399)	(3,827)
ASX listing and chess fees		(52,778)	(49,065)
Share registry fees		(33,042)	(27,332)
ASIC industry funding levy		(10,363)	-
Other expenses from ordinary activities		(190,578)	(181,591)
Profit before income tax		392,660	4,423,310
Income tax benefit/(expense)	3(a)	280,473	(1,007,480)
Profit after income tax attributable to members of the Company		673,133	3,415,830
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		673,133	3,415,830
Basic and diluted earnings per share	15	1.49 cents	8.51 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	13	12,145,370	14,274,476
Trade and other receivables	6	1,879,613	2,694,467
Financial assets	7	36,350,037	32,197,006
Total current assets		50,375,020	49,165,949
Non-current assets			
Deferred tax assets	3(b)	573,086	46,295
Total non-current assets		573,086	46,295
Total assets		50,948,106	49,212,244
Current liabilities			
Financial liabilities	8	741,903	680,030
Trade and other payables	9	1,622,751	2,706,105
Current tax liabilities	3(c)	230,492	724,654
Total current liabilities		2,595,146	4,110,789
Non-current liabilities			
Deferred tax liabilities	3(d)	10,232	-
Total non-current liabilities		10,232	-
Total liabilities		2,605,378	4,110,789
Net assets		48,342,728	45,101,455
Equity			
Issued capital	10	47,780,906	42,553,037
Profits reserve	11	2,181,123	3,866,177
Accumulated losses	12	(1,619,301)	(1,317,759)
Total equity		48,342,728	45,101,455

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2019

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2017		39,409,263	(1,317,759)	2,727,238	40,818,742
Profit for the year		-	3,415,830	-	3,415,830
Transfer to profits reserve		-	(3,415,830)	3,415,830	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	10(b)	444,823	-	-	444,823
Shares issued via exercise of options	10(b)	2,698,951	-	-	2,698,951
Dividends paid	4(a)	-	-	(2,276,891)	(2,276,891)
Balance at 30 June 2018		42,553,037	(1,317,759)	3,866,177	45,101,455
Profit for the year		-	673,133	-	673,133
Transfer to profits reserve		-	(974,675)	974,675	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	10(b)	478,508	-	-	478,508
Shares issued via exercise of options	10(b)	4,749,361	-	-	4,749,361
Dividends paid	4(a)	-	-	(2,659,729)	(2,659,729)
Balance at 30 June 2019		47,780,906	(1,619,301)	2,181,123	48,342,728

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Proceeds from sale of investments		158,783,396	170,706,696
Payments for purchase of investments		(162,358,969)	(167,828,337)
Dividends received		1,251,965	915,671
Interest received		253,690	221,591
Other investment income received		351,952	492,361
Management fee (GST inclusive)		(523,875)	(490,559)
Performance fee (GST inclusive)		(1,255,324)	(734,975)
Brokerage expense on share purchases (GST inclusive)		(228,719)	(272,958)
Payments for administration expenses (GST inclusive)		(381,174)	(377,846)
Income tax paid		(732,729)	(727,485)
GST on brokerage expense on share sales		(14,336)	(17,302)
Net GST received from the ATO		156,877	123,821
Net cash (used in)/provided by operating activities	14	(4,697,246)	2,010,678
Cash flows from financing activities			
Dividends paid – net of reinvestment		(2,181,221)	(1,832,068)
Shares issued via exercise of options		4,749,361	2,698,951
Net cash provided by financing activities		2,568,140	866,883
Net (decrease)/increase in cash and cash equivalents held		(2,129,106)	2,877,561
Cash and cash equivalents at beginning of financial year		14,274,476	11,396,915
Cash and cash equivalents at end of financial year	13	12,145,370	14,274,476
Non-cash transactions:			
Shares issued via dividend reinvestment plan		478,508	444,823

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2019

1. Significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

WAM Active is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 22 August 2019 by the Board of Directors.

WAM Active is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs except for financial assets and certain other financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The Company has applied AASB 9: *Financial Instruments* from 1 July 2018. All of the Company's investments in financial assets continue to be accounted for at fair value through profit or loss under AASB 9. Accordingly, first time application of AASB 9 had no impact on the Company's accounting for its investments in financial assets. AASB 9 has also introduced the expected credit loss model which is a forward looking model applicable to other financial assets of the Company. Please refer to Note 1(g) for further details.

a) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

1. Significant accounting policies (cont'd)

a) Financial instruments (cont'd)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

The Company classifies its financial instruments into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock is classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party, whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

b) Income tax

The charge of current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and other term deposits maturing within six months or less.

d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment. Please refer to Note 1(g) for further detail.

f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at their amortised cost.

g) Impairment of assets

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition (this has replaced the incurred loss model). All the trade receivables of the Company share the same credit risk characteristics. Indicators that there is no reasonable expectation of recovery include, amongst others, the Standard & Poor's credit risk rating of a debtor, and a failure to make contractual payments for a period of greater than 30 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the Statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. As at 30 June 2019 there are no expected credit losses recognised (2018: nil).

1. Significant accounting policies (cont'd)

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis (inclusive of GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgements that have a material impact on the Company's financial results for the year ended 30 June 2019. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

k) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Dividends

Dividends are recognised when declared during the financial year.

n) New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Company.

2. Other revenue

	2019 \$	2018 \$
Australian sourced dividends	1,297,437	887,999
Trust distributions	260,780	556,872
Interest	249,182	229,046
Underwriting fees	3,655	7,665
Foreign sourced dividends	-	17,460
	1,811,054	1,699,042

3. Taxation

a) Income tax (benefit)/expense

The prima facie tax on profit before income tax is reconciled to the income tax (benefit)/expense as follows:

	2019 \$	2018 \$
Prima facie tax on profit before income tax at 30% (2018: 30%)	117,798	1,326,993
Imputation credit gross up	166,786	137,534
Foreign income tax offset gross up	-	39
Imputation credit offset	(555,955)	(458,448)
Foreign income tax offset	-	(128)
Other non-assessable items*	(9,102)	1,490
	(280,473)	1,007,480
Effective tax rate	(71.4%)	22.8%

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year, which was in excess of the corporate tax rate of 30% on the Company's profit before income tax. The decrease in the effective tax rate from the comparative year is reflective of the higher proportion of franked dividend income received in comparison to the net profit before tax for the period.

*Other non-assessable items primarily relate to timing differences on dividends received.

Total income tax (benefit)/expense results in a:

Current tax liability	236,086	1,050,812
Deferred tax liability	10,232	(23,063)
Deferred tax asset	(526,791)	(20,269)
	(280,473)	1,007,480

3. Taxation (cont'd)

b) Deferred tax assets

	2019 \$	2018 \$
Provisions	10,313	10,016
Capitalised share issue costs	8,398	13,054
Fair value adjustments	554,375	23,225
	573,086	46,295
Movement in deferred tax assets		
Balance at the beginning of the year	46,295	26,026
Charged to the Statement of comprehensive income	526,791	20,269
At reporting date	573,086	46,295

c) Current tax liabilities

	2019 \$	2018 \$
Balance at the beginning of the year	724,654	401,327
Current year income tax expense on operating profit	236,086	1,050,788
Income tax paid	(732,729)	(727,485)
Under provision in prior year	2,481	24
At reporting date	230,492	724,654

d) Deferred tax liabilities

	2019 \$	2018 \$
Fair value adjustments	5,693	-
Income provisions	4,539	-
	10,232	-
Movement in deferred tax liabilities		
Balance at the beginning of the year	-	23,063
Charged to the Statement of comprehensive income	10,232	(23,063)
At reporting date	10,232	-

4. Dividends

a) Ordinary dividends paid during the year

	2019 \$	2018 \$
Final dividend FY2018: 2.85 cents per share fully franked at 30% tax rate, paid 26 October 2018 (Final dividend FY2017: 2.75 cents per share fully franked)	1,303,630	1,098,208
Interim dividend FY2019: 2.95 cents per share fully franked at 30% tax rate, paid 26 April 2019 (Interim dividend FY2018: 2.85 cents per share fully franked)	1,356,099	1,178,683
	2,659,729	2,276,891

b) Dividends not recognised at year end

	2019 \$	2018 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 2.95 cents per share fully franked final dividend (2018: 2.85 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	1,363,139	1,184,896

c) Dividend franking account

	2019 \$	2018 \$
Balance of franking account at year end	440,573	294,255
Adjusted for franking credits arising from: - Estimated income tax payable	230,492	724,654
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(584,202)	(507,813)
	86,863	511,096

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

5. Auditor's remuneration

	2019 \$	2018 \$
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	44,227	41,720
Other services provided by a related practice of the auditor:		
Taxation services	8,250	7,700
	52,477	49,420

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditor. The Audit and Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. Trade and other receivables

	2019 \$	2018 \$
Outstanding settlements	1,791,101	2,482,012
Investment income receivable	63,256	109,809
GST receivable	25,256	102,646
	1,879,613	2,694,467

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require the settlement within two days from the date of a transaction. Investment income receivable relates to interest, dividend and trust distributions receivable at the end of the reporting period.

7. Financial assets

	2019 \$	2018 \$
Listed investments at fair value	36,226,263	32,107,347
Unlisted investments at fair value	123,774	89,659
	36,350,037	32,197,006

The market values of individual investments held at the end of the reporting period are disclosed on page 53 of the Annual Report.

8. Financial liabilities

	2019 \$	2018 \$
Borrowed stock	741,903	680,030

Borrowed stock is carried at fair value. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the gross value of the Portfolio of the Company as outlined in the Management Agreement.

9. Trade and other payables

	2019 \$	2018 \$
Outstanding settlements	1,319,054	1,281,073
Management fee payable	44,265	43,174
Performance fee payable	134,109	1,255,324
Sundry payables	125,323	126,534
	1,622,751	2,706,105

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days from the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

10. Issued capital

a) Paid-up capital

	2019 \$	2018 \$
46,208,095 ordinary shares fully paid (2018: 41,575,290)	47,780,906	42,553,037

b) Ordinary shares

	2019 \$	2018 \$
Balance at the beginning of the year	42,553,037	39,409,263
228,036 ordinary shares issued on 26 October 2018 under a dividend reinvestment plan	244,442	-
238,662 ordinary shares issued on 26 April 2019 under a dividend reinvestment plan	234,066	-
4,166,107 (2018: 2,367,503) ordinary shares issued from the exercise of options at \$1.14	4,749,361	2,698,951
197,403 ordinary shares issued on 27 October 2017 under a dividend reinvestment plan	-	219,400
207,556 ordinary shares issued on 27 April 2018 under a dividend reinvestment plan	-	225,423
At reporting date	47,780,906	42,553,037

10. Issued capital (cont'd)

b) Ordinary shares (cont'd)

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings; otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, management is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, option issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

d) Options

On 11 August 2016, the Company announced a one-for-one bonus option issue to all shareholders at no cost. The Company raised \$11,224,125 during the term of the option issue, which expired on 17 September 2018. A total of 9,845,725 options were exercised, with the remaining options expiring.

11. Profits reserve

	2019 \$	2018 \$
Profits reserve	2,181,123	3,866,177

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2019 \$	2018 \$
Movement in profits reserve		
Balance at the beginning of the year	3,866,177	2,727,238
Transfer of profits during the year	974,675	3,415,830
Final dividend paid (refer to note 4a)	(1,303,630)	(1,098,208)
Interim dividend paid (refer to note 4a)	(1,356,099)	(1,178,683)
At reporting date	2,181,123	3,866,177

12. Accumulated losses

	2019 \$	2018 \$
Balance at the beginning of the year	(1,317,759)	(1,317,759)
Transfer to profits reserve	(974,675)	(3,415,830)
Profit for the year attributable to members of the Company	673,133	3,415,830
At reporting date	(1,619,301)	(1,317,759)

13. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2019 \$	2018 \$
Cash at bank	8,618,362	10,586,859
Term deposits	2,747,316	3,065,811
Cash collateral for borrowed stock	779,692	621,806
	12,145,370	14,274,476

The weighted average interest rate for cash and term deposits as at 30 June 2019 is 1.23% (2018: 1.92%). The term deposits have an average maturity of 83 days from the end of the period (2018: 66 days). All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating.

14. Cash flow information

	2019 \$	2018 \$
Reconciliation of operating profit after income tax:		
Profit after income tax	673,133	3,415,830
Fair value gains and movements in financial assets	(3,362,266)	(2,149,562)
Changes in (assets)/liabilities:		
Decrease/(increase) in receivables	123,943	(98,475)
Increase in deferred tax assets	(526,791)	(20,269)
(Decrease)/increase in payables	(1,118,853)	562,890
(Decrease)/increase in current tax liabilities	(496,644)	323,327
Increase/(decrease) in deferred tax liabilities	10,232	(23,063)
Net cash (used in)/provided by operating activities	(4,697,246)	2,010,678

15. Earnings per share

	2019 Cents per share	2018 Cents per share
Basic and diluted earnings per share	1.49	8.51

	2019 \$	2018 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	673,133	3,415,830

	2019 No.	2018 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	45,120,777	40,133,397

There are no outstanding securities that are potentially dilutive in nature for the Company at the end of the year.

16. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the year. The Company does not have any material exposure to economic, environmental and social sustainability risks, other than disclosed in this note.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet twice weekly basis to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of financial position, is the carrying amount net of any expected credit losses of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

16. Financial risk management (cont'd)

a) Credit risk (cont'd)

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short rating of A-1+ and long-term rating of AA-. The majority of all maturities for cash and term deposits held by the Company are within three months.

None of the assets exposed to credit risk are overdue or considered to be impaired.

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed respectively by the Manager and the Board.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received and the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

The Manager monitors the Company's cash flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradeable securities which, where liquidity is available, can be sold on market when, and if required.

The following table reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2019	>1 month \$	<1 month \$	Total \$
Liabilities			
Financial liabilities	-	741,903	741,903
Trade and other payables	-	1,622,751	1,622,751
Total	-	2,364,654	2,364,654

16. Financial risk management (cont'd)

b) Liquidity risk (cont'd)

30 June 2018	>1 month \$	<1 month \$	Total \$
Liabilities			
Financial liabilities	-	680,030	680,030
Trade and other payables	-	2,706,105	2,706,105
Total	-	3,386,135	3,386,135

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests in securities which are not risk free, as the market price of these securities can fluctuate.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its term deposits mature within three months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2019	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.23%	12,145,370	-	12,145,370
Trade and other receivables		-	1,879,613	1,879,613
Financial assets		-	36,350,037	36,350,037
Total		12,145,370	38,229,650	50,375,020
Liabilities				
Financial liabilities		-	741,903	741,903
Trade and other payables		-	1,622,751	1,622,751
Total		-	2,364,654	2,364,654

16. Financial risk management (cont'd)

c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

30 June 2018	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.92%	14,274,476	-	14,274,476
Trade and other receivables		-	2,694,467	2,694,467
Financial assets		-	32,197,006	32,197,006
Total		14,274,476	34,891,473	49,165,949
Liabilities				
Financial liabilities		-	680,030	680,030
Trade and other payables		-	2,706,105	2,706,105
Total		-	3,386,135	3,386,135

(ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The risks and relative weightings of the individual securities and market sectors are reviewed daily in order to manage risk. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

16. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk (cont'd)

The Company's industry sector weighting of gross assets as at 30 June 2019 is as below:

Industry sector	2019 %	2018 %
Financials	22.7	19.2
Consumer discretionary	14.4	20.6
Information technology	11.1	1.8
Industrials	9.3	9.9
Health care	6.4	0.8
Materials	4.3	2.5
Real estate	3.0	8.7
Energy	2.2	1.4
Consumer staples	1.4	3.3
Telecommunication services	0.4	-
Total	75.2	68.2

There were no securities representing over 5 per cent of gross assets as at 30 June 2019 (2018: nil).

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to market risk. This analysis demonstrates the effect on current year net assets after tax as a result of a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 75.2% (2018: 68.2%) of gross assets at year end. A 5% movement in the market value of each of the investments within the portfolio would result in a 2.6% (2018: 2.4%) movement in the net assets after tax. This would result in the 30 June 2019 net asset backing after tax moving by 2.7 cents per share (2018: 2.6 cents per share).

16. Financial risk management (cont'd)

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Included within Level 2 of the hierarchy are unlisted investments which have been valued using valuation techniques such as comparisons to similar investments for which market observable prices are available, the net asset backing per share or the last sale price to determine fair value.

During the reporting period, two investments were transferred from Level 1 to Level 2 as a result of the investments becoming delisted during the year (2018: nil).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2019				
Financial assets	36,226,263	123,774	-	36,350,037
Financial liabilities	(733,407)	(8,496)	-	(741,903)
Total	35,492,856	115,278	-	35,608,134
30 June 2018				
Financial assets	32,107,347	89,659	-	32,197,006
Financial liabilities	(680,030)	-	-	(680,030)
Total	31,427,317	89,659	-	31,516,976

17. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 4,970 (2018: 4,555). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$412,548 (2018: \$527,429).

18. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

19. Capital commitments

There are no capital commitments for the Company as at 30 June 2019 (2018: nil).

20. Contingent liabilities

There are no contingent liabilities for the Company as at 30 June 2019 (2018: nil).

21. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO Chairman
- Emma Ruge-Price Director
- Karina Kwan Director (appointed 3 July 2018)
- Kate Thorley Director
- Matthew Kidman Director (resigned 3 July 2018)
- Chris Stott Director (resigned 3 July 2018)

a) Remuneration

There are no executives that are paid by the Company. Individual Directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on page 17, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2019	73,058	6,942	80,000
Total Directors remuneration paid by the Company for the year ended 30 June 2018	82,265	7,817	90,082

21. Key management personnel compensation (cont'd)

b) Share and option holdings

At 30 June 2019, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2018	Acquisitions	Disposed	Balance at 30 June 2019
Geoff Wilson	1,113,892	-	-	1,113,892
Emma Ruge-Price	-	-	-	-
Karina Kwan (appointed 3 July 2018)	-	-	-	-
Kate Thorley	52,913	10,040	-	62,953
	1,166,805	10,040	-	1,176,845

Options held Directors (expired 17 September 2018)	Balance at 30 June 2018	Acquisitions	Options lapsed/ exercised/disposed	Balance at 30 June 2019
Geoff Wilson	1,113,892	-	1,113,892	-
Emma Ruge-Price	-	-	-	-
Karina Kwan (appointed 3 July 2018)	-	-	-	-
Kate Thorley	37,634	-	37,634	-
	1,151,526	-	1,151,526	-

At 30 June 2018, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2017	Acquisitions	Disposed	Balance at 30 June 2018
Geoff Wilson	1,113,892	-	-	1,113,892
Matthew Kidman*	468,329	24,181	-	492,510
Chris Stott*	34,174	6,694	-	40,868
Emma Ruge-Price (appointed 7 March 2018)	-	-	-	-
Kate Thorley	44,800	8,113	-	52,913
	1,661,195	38,988	-	1,700,183

Options held Directors	Balance at 30 June 2017	Bonus issue allotment	Options exercised/disposed	Balance at 30 June 2018
Geoff Wilson	1,113,892	-	-	1,113,892
Matthew Kidman*	446,772	-	-	446,772
Chris Stott*	28,317	-	-	28,317
Emma Ruge-Price (appointed 7 March 2018)	-	-	-	-
Kate Thorley	37,634	-	-	37,634
	1,626,615	-	-	1,626,615

*Matthew Kidman and Chris Stott resigned as Directors of WAM Active on 3 July 2018. On resignation, Matthew and Chris held 492,510 and 40,868 ordinary shares in the Company respectively while Matthew and Chris held 446,772 and 28,317 options respectively.

22. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of the value of the portfolio amounting to \$524,966 inclusive of GST (2018: \$495,243). At 30 June 2019, the balance payable to the Manager was \$44,265 inclusive of GST (2018: \$43,174).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the gross value of the portfolio above the high-water mark.

The high-water mark is the greater of:

- the highest gross value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus.

If the gross value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered. At 30 June 2019, a performance fee of \$134,109 inclusive of GST was payable to MAM Pty Limited (2018: \$1,255,324).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Active to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2019, the fee for accounting services amounted to \$46,200 inclusive of GST (2018: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2018: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

23. Events subsequent to reporting date

On 28 June 2019, WAM Active announced its intention to make a conditional off-market cash offer to acquire all Keybridge Capital Limited (ASX: KBC) ordinary shares at 7.5 cents per share. On 22 August 2019, WAM Active announced the withdrawal of its intention to make an offer due to a number of defeating conditions being breached by KBC.

Since the end of the year, the Directors declared a fully franked final dividend of 2.95 cents per share to be paid on 18 October 2019.

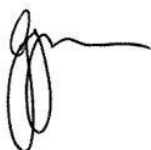
No other matters or circumstances have arisen since the end of the financial year, other than already disclosed, which significantly affects or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

The Directors of WAM Active Limited declare that:

- 1) The financial report as set out in pages 23 to 46 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 17 to 19, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2019 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, MAM Pty Limited declaring that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated in Sydney this 22nd day of August 2019

**Independent Auditor's Report
To the Members of WAM Active Limited
ABN 49 126 420 719**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WAM Active Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of WAM Active Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>Completeness, Existence and Valuation of Financial Assets and Financial Liabilities Refer to Note 7: Financial Assets and Note 8: Financial Liabilities</p>	
<p>We focused our audit effort on the completeness, existence and valuation of the Company's financial assets and financial liabilities as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "level 1" (i.e. where the valuation is based on quoted prices in active markets) or "level 2" (i.e. where key inputs to valuation are based on other observable inputs).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the investment management processes and controls; ▪ Reviewing and evaluating the independent audit reports on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit reports relate to and where necessary obtained bridging letters; ▪ Obtaining confirmations of the investment holdings directly from the Custodians; ▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent pricing sources; ▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<i>Accuracy, Completeness and Existence of Management and Performance Fees</i> <i>Refer to Note 9: Trade and other payables and Note 22: Related party transactions</i>	
<p>We focused our audit effort on the accuracy, completeness and existence of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs. Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include portfolio movements and applying the correct fee percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees; ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; ▪ Testing of adjustments such as company dividends, tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees; ▪ Testing of key inputs such as portfolio movements, application of the correct fee percentage, as well as performing a recalculation in accordance with our understanding of the Investment Management Agreement; and ▪ Assessing the adequacy of disclosures made in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 19 of the Directors' Report for the year ended 30 June 2019. In our opinion, the Remuneration Report of WAM Active Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



S M Whiddett
Partner



Pitcher Partners
Sydney

22 August 2019

Investments at market value as at 30 June 2019

Company Name	Code	Market Value \$	% of Gross Assets	Company Name	Code	Market Value \$	% of Gross Assets
Financials				Industrials (cont'd)			
Pengana International Equities Limited	PIA	1,837,490	3.9%	NRW Holdings Limited	NWH	107,270	0.2%
Templeton Global Growth Fund Limited	TGG	1,702,186	3.5%	Virgin Australia Holdings Limited	VAH	80,966	0.2%
Carsales.com Limited	CAR	1,155,881	2.4%	IVE Group Limited	IGL	30,881	0.1%
Steadfast Group Limited	SDF	1,009,652	2.1%	DMX Corporation Limited [†]	n/a	7,655	0.0%
Eclixp Group Limited	ECX	781,807	1.6%			4,502,505	9.3%
Navigator Global Investments Limited	NGI	686,580	1.4%	Health care			
Westoz Investment Company Limited	WIC	550,929	1.1%	CSL Limited	CSL	1,989,395	4.2%
Concentrated Leaders Fund Limited	CLF	538,678	1.1%	Polynovo Limited	PNV	547,776	1.1%
EML Payments Limited	EML	482,397	1.0%	Monash IVF Group Limited	MVF	252,577	0.5%
NAOS Small Cap Opportunities Company	NSC	392,413	0.8%	Starpharma Holdings Limited	SPL	220,418	0.5%
Argo Global Listed Infrastructure Limited	ALI	288,998	0.6%	Volpara Health Technologies Limited	VHT	43,385	0.1%
FlexiGroup Limited	FXL	234,282	0.5%	Virtus Health Limited	VRT	16,916	0.0%
Contango Income Generator Limited	CIE	223,949	0.5%			3,070,467	6.4%
Prospa Group Limited	PGL	191,196	0.4%	Materials			
Australian Finance Group Limited	AFG	175,784	0.4%	Ausdrill Limited	ASL	976,313	2.0%
Keybridge Capital Limited	KBC	155,646	0.3%	Brickworks Limited	BKW	668,493	1.4%
Keybridge Capital Limited CPRN	KBCPA	110,449	0.2%	Fletcher Building Limited	FBU	261,706	0.5%
8IP Emerging Companies Limited	8EC	84,288	0.2%	Macmahon Holdings Limited	MAH	120,027	0.2%
AMP Capital China Growth Fund [†]	n/a	80,020	0.2%	Evolution Mining Limited	EVN	97,320	0.2%
HHY Fund	HHY	74,113	0.2%			2,123,859	4.3%
Ozgrowth Limited	OZG	55,261	0.1%	Real estate			
Ironbark Capital Limited	IBC	47,644	0.1%	360 Capital Group	TGP	530,143	1.1%
Ask Funding Limited [†]	n/a	36,099	0.1%	GPT Group	GPT	364,148	0.8%
		10,895,742	22.7%	Cromwell Property Group	CMW	329,039	0.7%
Consumer discretionary				National Storage REIT	NSR	133,474	0.3%
IDP Education Limited	IEL	2,014,035	4.2%	Growthpoint Properties Australia	GOZ	61,236	0.1%
Collins Foods Limited	CKF	1,482,272	3.0%			1,418,040	3.0%
Corporate Travel Management Limited	CTD	1,420,988	2.9%	Energy			
Automotive Holdings Group Limited	AHG	650,983	1.3%	WorleyParsons Limited	WOR	693,782	1.4%
Macquarie Media Limited	MRN	640,439	1.3%	Senex Energy Limited	SXY	384,721	0.8%
Kogan.com Limited	KGN	600,946	1.2%			1,078,503	2.2%
ARB Corporation Limited	ARB	228,374	0.5%	Consumer staples			
		7,038,037	14.4%	Graincorp Limited	GNC	473,107	1.0%
Information technology				Bubs Australia Limited	BUB	143,899	0.3%
Afterpay Touch Group Limited	APT	1,603,853	3.3%	Metcash Limited	MTS	33,657	0.1%
Megaport Limited	MP1	1,017,348	2.1%			650,663	1.4%
Appen Limited	APX	923,838	1.9%	Telecommunication services			
Altium Limited	ALU	785,266	1.6%	Credible Labs Inc	CRD	186,312	0.4%
Audinate Group Limited	AD8	461,606	1.0%			186,312	0.4%
Nearmap Limited	NEA	437,505	0.9%	Total long portfolio			
Pushpay Holdings Limited	PPH	55,491	0.1%			36,350,037	75.2%
IRESS Limited	IRE	54,620	0.1%	Total cash, income receivable and net outstanding settlements			
Integrated Research Limited	IRI	46,382	0.1%			12,705,929	26.3%
		5,385,909	11.1%	Total short portfolio			
Industrials						(741,903)	(1.5%)
Seven Group Holdings Limited	SVW	1,912,827	4.0%	Gross assets			
Downer EDI Limited	DOW	1,175,341	2.4%			48,314,063	
Cimic Group Limited	CIM	935,201	1.9%	[†] Unlisted investments.			
People Infrastructure Limited	PPE	252,364	0.5%	The total number of stocks held at the end of the financial year was 71			

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (at 31 July 2019) - there are currently no substantial shareholders.

On-market buy back (at 31 July 2019) - there is no current on-market buy back.

Distribution of shareholders (as at 31 July 2019)

Category	Number of shareholders
1 – 1,000	159
1,001 – 5,000	392
5,001 – 10,000	336
10,001 – 100,000	845
100,001 and over	71
	1,803

The number of shareholdings held in less than marketable parcels is 48.

Twenty largest shareholders – Ordinary shares (as at 31 July 2019)

Name	Number of ordinary shares held	% of issued capital held
Entities associated with Mr Geoff Wilson	1,093,892	2.4%
Sanolu Pty Limited	722,153	1.6%
HSBC Custody Nominees (Australia) Limited	633,381	1.4%
Mr PM & Mrs VM Antaw	563,237	1.2%
Edington Pty Limited	461,000	1.0%
Mr R Tooher	420,954	0.9%
I & R Simpson Super Pty Limited	404,228	0.9%
Netwealth Investments Limited	403,900	0.9%
Mr D McBain	320,800	0.7%
Mr R Miller	280,000	0.6%
Mrs EC Roberston	260,000	0.5%
Halcyon Pty Limited	257,520	0.5%
Vohra Holdings Pty Limited	250,000	0.5%
Trans Pacific Investments Pty Limited	241,597	0.5%
Bulman Super Pty Limited	232,804	0.5%
Micva Pty Limited	232,000	0.5%
Frank Sauer & Sons Pty Limited	224,794	0.5%
Mr GL & Mrs J Herring	219,039	0.5%
Lake Milang Pty Limited	215,815	0.5%
Cooltrac Pty Limited	211,273	0.5%
	7,648,387	16.6%

Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

Wilson

Asset Management

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