



**WAM ACTIVE LIMITED (WAA)**  
**ABN 49 126 420 719**  
**INVESTMENT UPDATE & NTA – AUGUST 2011**

WAM Active Limited (WAA) offers investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. Since inception WAA has outperformed the overall sharemarket. WAA's portfolio (before all fees, costs, taxes and dividends) has increased by 51.4% compared to a decline of 20.3% in the S&P/ASX All Ordinaries Accumulation Index. The investment objectives are to deliver investors a growing income stream in the form of fully franked dividends and to preserve capital in both the short term and long term.

Performance as at 31 August 2011	1 Mth %	6 Mths %	Fin Ytd %	1 Year %	2 Yrs %pa	Since Inception (Jan–08) %pa
WAM Active Limited *	-1.2%	-2.2%	-1.1%	+8.3%	+7.1%	+12.0%
S&P/ASX All Ordinaries Accumulation Index	-2.0%	-9.3%	-5.3%	+2.6%	+2.7%	-6.0%
<b>Outperformance</b>	<b>+0.8%</b>	<b>+7.1%</b>	<b>+4.2%</b>	<b>+5.7%</b>	<b>+4.4%</b>	<b>+18.0%</b>

\*The change in the gross portfolio before all expenses, fees and taxes.

The following NTA figures are before the payment of a fully franked final dividend of 4.0 cents per share to be paid on 30 September 2011.

<b>NTA before tax</b>	<b>110.79c</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>112.64c*</b>
<b>NTA after tax</b>	<b>111.67c**</b>

\* Includes tax assets of 1.85 cents per share.

\*\* Includes the net effect of 1.85 cents of tax assets and 0.97 cents of deferred tax liabilities.

### Market Outlook

In what was one of the most remarkable months witnessed on the Australian market, we managed to only finish down 2% on the S&P/ASX All Ordinaries Accumulation Index after being down a massive 16% intra month. The heightened level of volatility not seen since the GFC was driven predominately by uncertainty around the European banking system and weak economic data out of the US. The US Federal Reserve's statement during the month to keep interest rates low for two years lifted investor sentiment along with the domestic reporting season which broadly came in line with investors expectations.

## **Market Outlook (continued)**

In Australia we have seen mixed economic data which has widened the gap with investor's expectation on the future direction of interest rates. GDP for the June quarter of 1.2% was ahead of expectations, although two thirds of this figure was driven by inventory restocking. This could leave a gap in future quarters. Unemployment has reached 5.3% and will likely trend higher in future months given the weakness amongst cyclical companies in Australia. We expect further weakness in economic data could see interest rate cuts in Australia. In the meantime, we remain cautious and will continue to research for individual stock opportunities.

## **Dividends**

On 2 August 2011 the Board announced a fully franked final dividend of 4.0 cents per share. This is a 33% increase on the final dividend last year and brings the full year dividend to 8.0 cent per share fully franked. The final dividend dates are as follows:

Ex Date:	19 September 2011
Record Date:	23 September 2011
Payment Date:	30 September 2011

The dividend re-investment plan will be operating at no discount. The current share price (\$1.04 being closing price 9 September 2011) is a 6.1% discount to the 31 August 2011 pre-tax NTA. To participate in the dividend re-investment plan, please send your election to our share registrar no later than the 23 September 2011.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits, and it is within prudent business practices. Dividends are paid on a six-monthly basis. Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits.

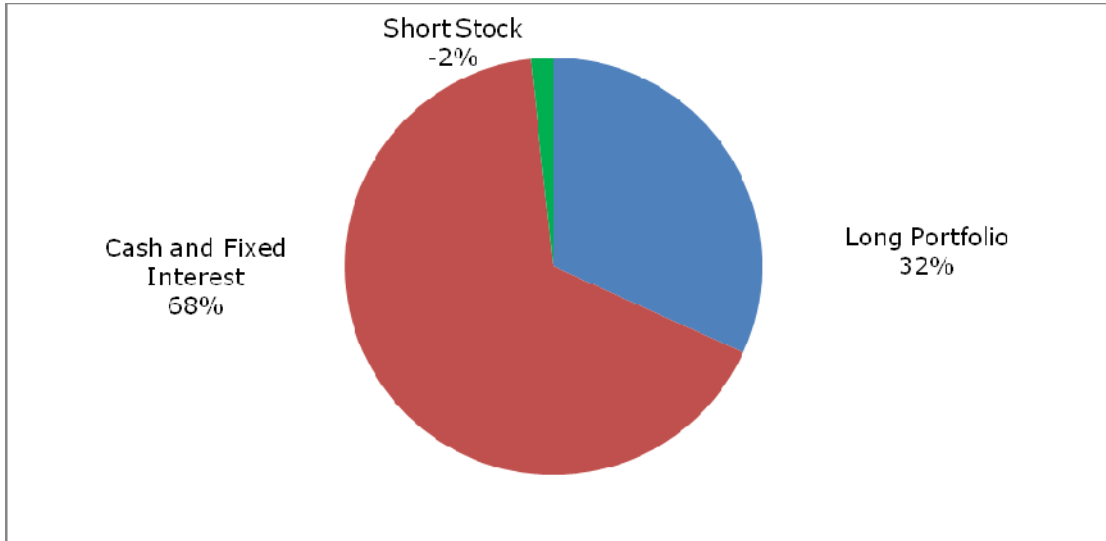
## Portfolio Structure

Investment Type	As at 31 July 2011		As at 31 Aug 2011	
	\$m	%	\$m	%
Listed Equities	8.3	44.6%	5.9	32.3%
Fixed Interest and Cash	10.3	55.4%	12.3	67.7%
<b>Total Long Portfolio</b>	<b>18.6</b>	<b>100.0%</b>	<b>18.2</b>	<b>100.0%</b>
<b>Total Short Portfolio</b>	<b>(0.4)</b>		<b>(0.3)</b>	
<b>Total Fund Size</b>	<b>\$18.2m</b>		<b>\$17.9m</b>	
	<b>No.</b>		<b>No.</b>	
<b>Total ordinary shares on issue</b>	16,066,653		16,066,653	

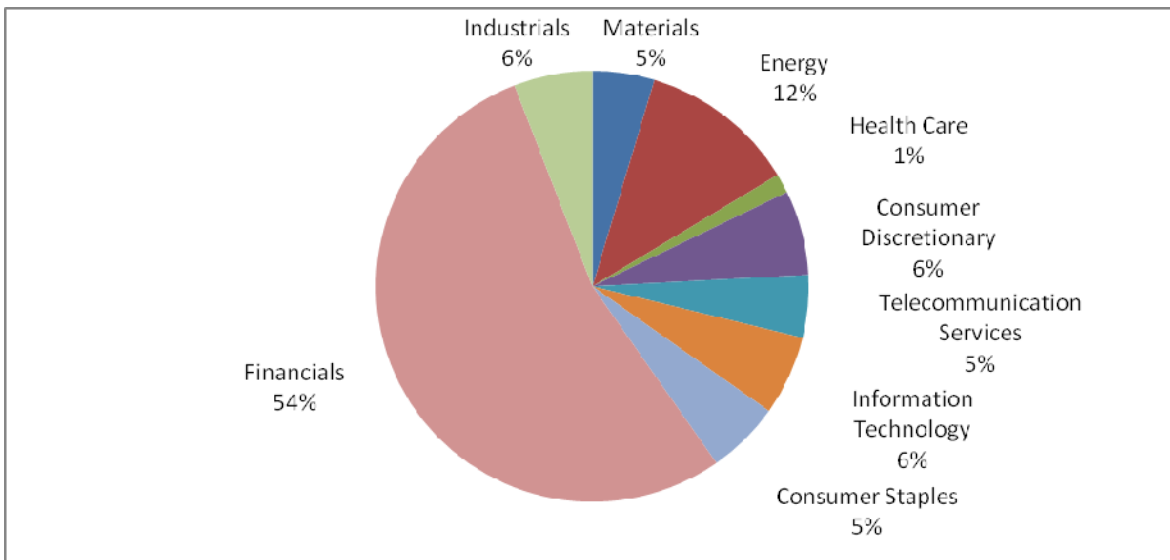
At 31 August 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
SGI	Signature Capital Investments Limited	1,070,637	6.0%
DKN	DKN Financial Group Limited	523,125	2.9%
CCQ	Contango Capital Partners Limited	408,870	2.3%
CNA	Coal & Allied Industries Limited	390,051	2.2%
MSF	Maryborough Sugar Factory Limited (The)	322,610	1.8%
SUL	Super Retail Group Limited	281,250	1.6%
TLS	Telstra Corporation Limited	275,457	1.5%
SYM	Symex Holdings Limited	262,731	1.5%
RHG	RHG Limited	243,407	1.4%
CYG	Coventry Group Limited	206,996	1.2%
UXC	UXC Limited	181,401	1.0%
ESG	Eastern Star Gas Limited	174,188	1.0%
IMFG	IMF (Australia) Ltd 10.25% Conv Note	154,227	0.9%
CCP	Credit Corp Group Limited	130,069	0.7%
ROK	Rock Building Society Limited (The)	122,192	0.7%
FXL	FlexiGroup Limited	117,172	0.7%
TGP	Trafalgar Corporate Group	115,202	0.6%
WHC	Whitehaven Coal Limited	111,432	0.6%
MLB	Melbourne IT Limited	94,450	0.5%
EFG	Everest Financial Group Limited	92,388	0.5%

### Portfolio Structure – Asset Allocation



### Long Portfolio Structure - Sector Allocation



## Performance

Set out below is the performance of WAA since listing to August 2011 on a financial year basis. The performance data before 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 which is also a before tax and expenses measure.

Financial Year	Gross Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	<b>+17.4%</b>
2008/2009	+9.6%	-22.2%	<b>+31.8%</b>
2009/2010	+22.7%	+13.8%	<b>+8.9%</b>
2010/2011	+11.5%	+12.2%	<b>-0.7%</b>
YTD 2011/2012	-1.1%	-5.3%	<b>+4.2%</b>

## Monthly Performance Table

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
Gross Portfolio*	+0.3%	+1.2%	+0.5%	+1.6%	+2.4%	-3.7%	-1.1%
All Ords Accum.	-11.2%	+0.3%	-4.1%	+4.6%	+2.5%	-7.3%	-5.2%
	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09
Gross Portfolio*	+0.1%	-3.8%	-5.3%	-5.2%	+3.4%	-1.9%	+0.6%
All Ords Accum.	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%
	Mar 09	Apr 09	May 09	Jun 09	July 09	Aug 09	Sep 09
Gross Portfolio*	+4.5%	+7.6%	+5.0%	+6.2%	+9.6%	+7.5%	+6.2%
All Ords Accum.	+8.1%	+6.1%	+2.2%	+3.9%	+7.7%	+6.5%	+6.0%
	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
Gross Portfolio*	+2.1%	+0.3%	+1.0%	-3.6%	+0.0%	+2.9%	+0.4%
All Ords Accum.	-1.9%	+1.9%	+3.7%	-5.8%	+1.8%	+5.8%	-1.2%
	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Gross Portfolio*	-4.0%	-0.9%	+1.6%	+0.1%	+2.7%	+1.3%	+2.3%
All Ords Accum.	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%	-0.7%
	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
Gross Portfolio*	+3.6%	+0.7%	-0.3%	+0.4%	+2.5%	-1.6%	-2.3%
All Ords Accum.	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%	-1.9%	-2.4%
	Jul 11	Aug 11					Since Inception
Gross Portfolio*	+0.0%	-1.2%					+51.4%
All Ords Accum.	-3.4%	-2.0%					-20.3%

\*The change in the portfolio before all expenses, fees and taxes