



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
AUGUST 2012

Company overview

WAM Active Limited (WAA) is a listed investment company that provides investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets.

Investment objective

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.

Outperformance against sharemarket

Since inception, the WAA investment portfolio has outperformed the overall sharemarket – its strong performance against the S&P/ASX All Ordinaries Accumulation Index is set out in the table below. The investment performance is before expenses, fees and taxes.

Performance as at 31 August 2012	1 Mth %	6 Mths %	Fin YTD %	1 Year %	2 Yrs %pa	3 Yrs %pa	Since Inception (Jan-08) %pa
WAA Investment Portfolio	+2.0%	+3.9%	+3.3%	+10.2%	+9.3%	+8.1%	+11.6%
S&P/ASX All Ordinaries Accumulation Index	+2.1%	+1.1%	+5.9%	+4.0%	+3.3%	+3.1%	-3.9%
Outperformance	-0.1%	+2.8%	-2.6%	+6.2%	+6.0%	+5.0%	+15.5%

NTA figures

The following Net Tangible Asset (NTA) figures are before the payment of a fully franked final dividend of 4.5 cents per share payable on the 19 October 2012. The figures below have not been adjusted for the 16,138,981 remaining options on issue with an exercise price of \$1.08 per share.

NTA before tax	108.62c
NTA after tax and before tax on unrealised gains	110.32c*
NTA after tax	108.34c**

* Includes tax assets of 1.70 cents per share.

**Includes the net effect of 1.70 cents of tax assets and 1.98 cents of deferred tax liabilities.

Market outlook

The S&P/ASX All Ordinaries Accumulation Index finished up 2.1% for August continuing its good start to the new financial year. Comments from ECB president Mario Draghi that policymakers would do “whatever it takes” to preserve the Eurozone saw markets trade higher.

Reporting season downbeat

Reporting season was generally good with results better than the markets low expectations. However, FY13 earnings expectations by equity analysts were downgraded by 4%. Outlook and guidance statements provided by companies during reporting season were generally downbeat. Companies highlighted the tough operating environment in sectors exposed to mining, housing and the consumer.

Mining slowdown

BHP Billiton announced that its Olympic Dam mine expansion and Outer Harbour developments have been postponed for the time being. Falling commodity prices and prohibitive development costs in Australia were cited as some of the reasons for not progressing. Drilling services provider, Boart Longyear downgraded its FY12 earnings by 20% due to poor future sales visibility. This company is normally a lead indicator for many listed peers exposed to the mining sector. Fortescue Metals has lowered its capital expenditure budget for FY13 and highlighted some asset sales. This was in response to the plummeting iron ore price which was down 24% for the month. All of this suggests a moderating of growth in the resources sector and possible further earnings downgrades for mining services stocks in FY13. Share prices in mining services companies have already moved lower in anticipation of this occurring.

Although we are conservative in our outlook for equity markets in 2013, volatile equity markets can provide profitable opportunities. Thus we continue to research thoroughly and meet with company management teams to identify such opportunities.

Dividends – 4.5 cents per share fully franked final

On 10 August 2012, the Board announced a fully franked FY2012 final dividend of 4.5 cents per share. This was a 12.5% increase on the previous year's dividend.

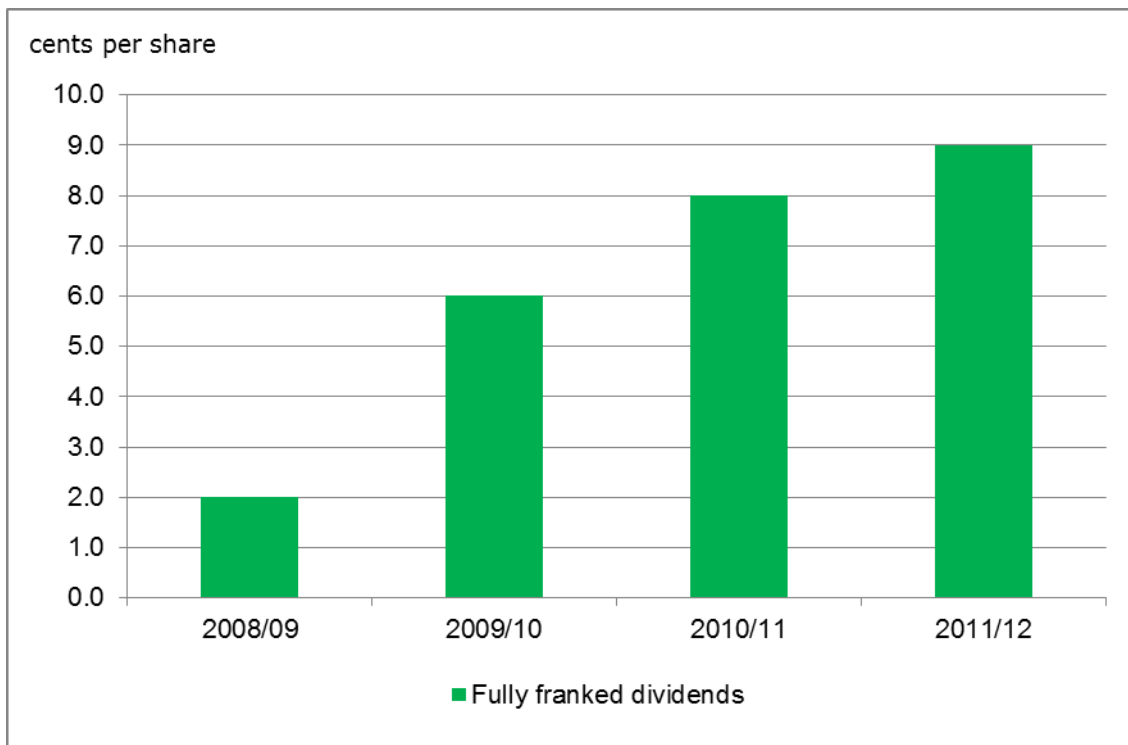
➤ Dividend ex date	8 October 2012
➤ Dividend record date	12 October 2012
➤ DRP election date	12 October 2012
➤ Dividend payment date	19 October 2012
➤ Last day for Option holders to exercise options in order to be eligible for the dividend	5 October 2012

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. It must also comply with Government legislation and the ATO's interpretation of a company's ability to pay franked dividends. Dividends are paid on a six-monthly basis. Dividend payments will also be made with consideration to cash flow, cash holdings and available franking credits.

The dividend re-investment plan will operate at a 2.5% discount to the weighted average market price of shares sold on the ASX on the books closing date (12 October 2012) and the three trading days preceding that date.

Dividends (continued)

To participate in the dividend re-investment plan, please send your election form to our share registrar no later than 12 October 2012. Option holders are required to exercise their options by Friday 5 October to participate in the 4.5 cent final fully franked dividend.



Option issue – 1 for 1 bonus issue

On 4 May 2012, the Board announced a 1 for 1 bonus issue of options to acquire ordinary shares in the capital of the Company. The options were allotted to shareholders on 25 June 2012. The options have an exercise price of \$1.08 per share and can be exercised at any time on or before 12 December 2013. The options are currently trading on the ASX under the code WAAO.

As at 31 August 2012, 170,964 options have been exercised for a total consideration of \$184,641 with a remaining balance of outstanding options being 16,138,981.

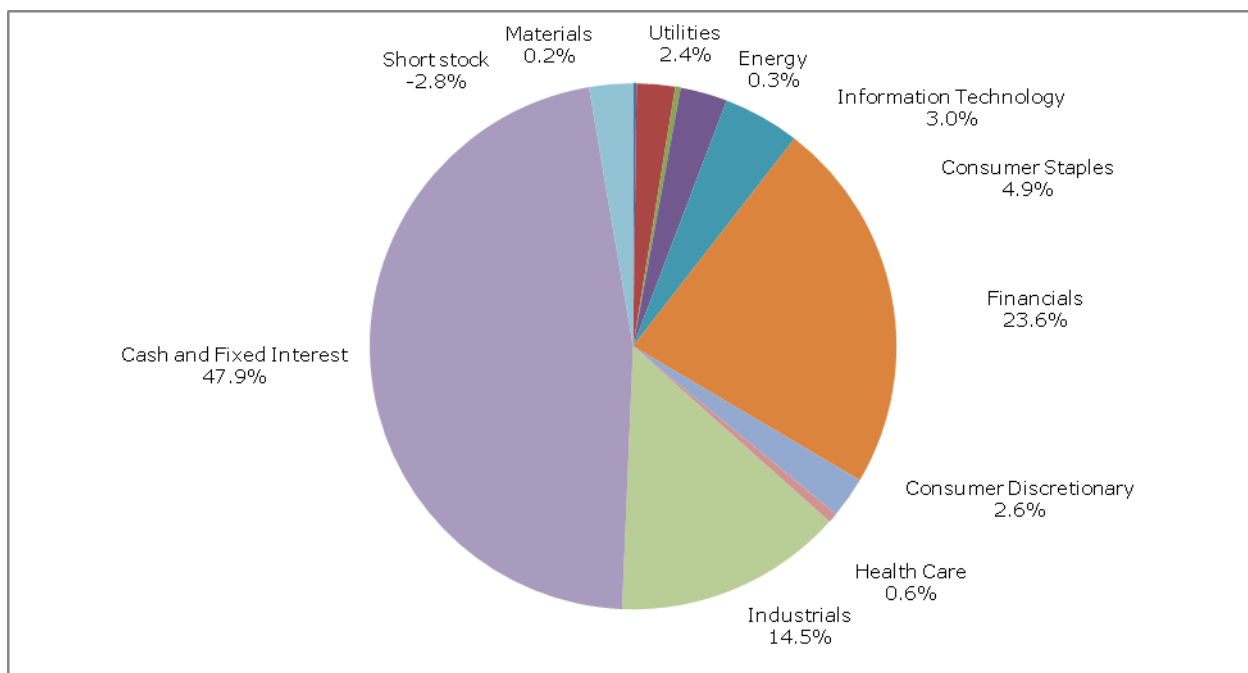
Portfolio structure

Investment Type	As at 31 July 2012		As at 31 Aug 2012	
	\$m	%	\$m	%
Listed Equities	7.6	42.0%	9.7	52.1%
Fixed Interest and Cash	10.4	58.0%	9.0	47.9%
Total Long Portfolio	18.0	100.0%	18.7	100.0%
Total Short Portfolio	(0.2)	(1.1%)	(0.5)	(2.8%)
Total Fund Size	\$17.8m		\$18.2m	
	No.		No.	
Total ordinary shares on issue	16,318,305		16,480,909	
Total options on issue	16,301,585		16,138,981	

At 31 Aug 2012 the major securities held in the portfolio were as follows:

Code	Company	Market Value \$	Market Value as % Gross Assets
CBAPB	CBA Perpetual Exc Resale Listed Sec - PERLS IV	708,600	3.8%
ALS	Alesco Corporation Limited	583,229	3.1%
CYG	Coventry Group Limited	580,595	3.1%
CCQ	Contango Capital Partners Limited	580,254	3.1%
INA	Ingenia Communities Group	555,738	3.0%
SDG	Sunland Group Limited	514,745	2.7%
RHG	RHG Limited	472,749	2.5%
CIF	Challenger Infrastructure Fund	422,956	2.3%
LWB	Little World Beverages Limited	409,500	2.2%
SVW	Seven Group Holdings Limited	406,455	2.2%
GLG	Gerard Lighting Group Limited	377,598	2.0%
CRZ	Carsales.Com Limited	377,104	2.0%
PRV	Premium Investors Limited	374,992	2.0%
CLO	Clough Limited	345,501	1.8%
FRI	Finbar Group Limited	312,559	1.7%
SHV	Select Harvests Limited	293,688	1.6%
CND	Clarius Group Limited	194,614	1.0%
TGP	Trafalgar Corporate Group	187,004	1.0%
GFF	Goodman Fielder Limited	173,160	0.9%
NBL	Noni B Limited	167,048	0.9%

Portfolio structure – sector allocation



Performance – yearly comparison to S&P/ASX All Ordinaries Accumulation Index

Set out below is the performance of WAA’s investment portfolio since listing to 31 August 2012 on a financial year basis. The performance data is 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	WAA Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	+17.4%
2008/2009	+9.6%	-22.2%	+31.8%
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 YTD	+3.3%	+5.9%	-2.6%

Performance - monthly comparison

The table below shows the month by month investment performance of WAA against the S&P/ASX All Ordinaries Accumulation Index.

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
Investment 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
Investment 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
Investment 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
Investment 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
Investment 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
Investment 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	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12
Investment Portfolio*	+0.0%	-1.2%	+0.7%	+2.1%	-0.4%	-1.0%	+1.0%
All Ords Accum.	-3.4%	-2.0%	-6.3%	+7.2%	-3.4%	-1.6%	+5.2%
	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12
Investment Portfolio*	+3.5%	+1.1%	+0.0%	-1.6%	+1.1%	+1.2%	+2.0%
All Ords Accum.	+2.4%	+1.2%	+1.1%	-6.9%	+0.3%	+3.7%	+2.1%
	Since Inception						
Investment Portfolio*	+66.9%						
All Ords Accum.	-17.0%						

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

For more information

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