



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

Outperformance against sharemarket

Since inception, the WAA investment portfolio has outperformed the overall sharemarket – its 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 December 2012	1 Mth %	6 Mths %	1 Year %	2 Yrs %pa	3 Yrs %pa	Since Inception (Jan-08) %pa
WAA Investment Portfolio	+2.7%	+10.4%	+16.2%	+7.6%	+7.2%	+12.3%
S&P/ASX All Ordinaries Accumulation Index	+3.4%	+15.5%	+18.8%	+2.6%	+2.8%	-2.0%
Outperformance	-0.7%	-5.1%	-2.6%	+5.0%	+4.4%	+14.3%

Net Tangible Asset (NTA) figures

The following NTA figures are after the payment of a fully franked final dividend of 4.5 cents per share paid on the 19 October 2012. The figures below have not been adjusted for the 13,027,781 remaining options on issue with an exercise price of \$1.08 per share.

NTA before tax	109.16c
NTA after tax and before tax on unrealised gains	110.39c*
NTA after tax	107.80c**

* Includes tax assets of 1.23 cents per share.

** Includes the net effect of 1.23 cents of tax assets and 2.59 cents of deferred tax liabilities.

Market outlook

A strong run into the New Year

The ASX/S&P All Ordinaries Accumulation Index finished up 3.4% in December. The market rallied strongly in the 2012 calendar year. The Australian share market posted its best calendar year performance since 2009 finishing up 18.8%. The market rallied strongly despite a deteriorating earnings outlook and a weak economic environment. In early January 2013 global equity markets including Australia rallied strongly post the US Fiscal Cliff resolution.

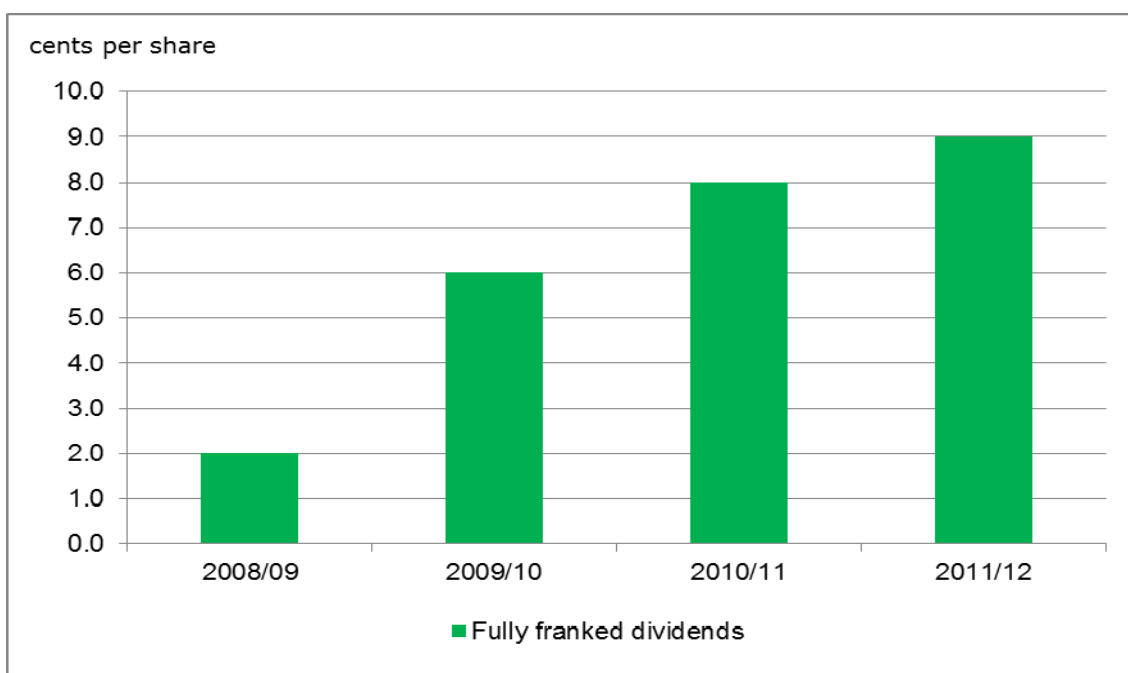
Expectations for 2013

We expect the Australian sharemarket will increase by around 10% in 2013 calendar year. We anticipate macroeconomic data to show signs of improvement globally by mid-2013. As interest rates move lower in Australia this will lead to an expansion in price to earnings ratios (P/E), an increase in corporate activity and a reallocation from cash and term deposits to equities.

Dividends – 4.5 cents per share fully franked final

On 19 October 2012, the Company paid a fully franked final dividend of 4.5 cents per share. This is a 12.5% increase on the previous year's final dividend.

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 and cash holdings.



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 December 2012, 3,282,164 options have been exercised for a total consideration of \$3,544,737 with a remaining balance of outstanding options being 13,027,781.

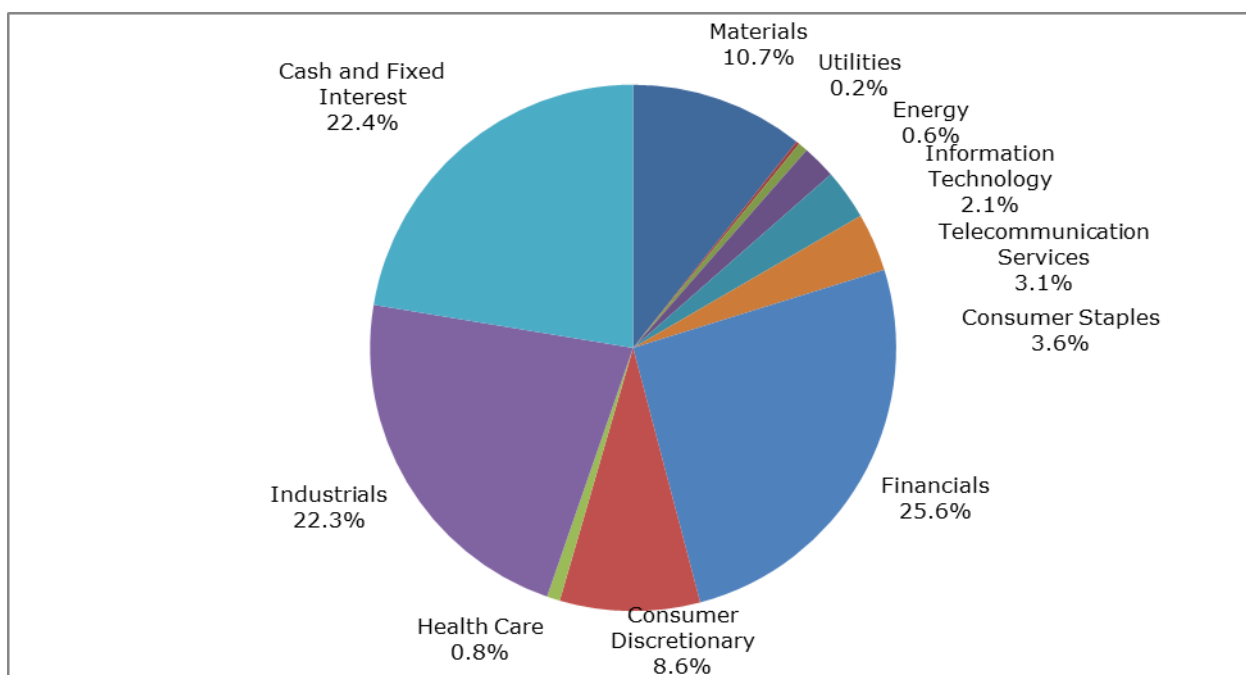
Portfolio structure

Investment Type	As at 30 Nov 2012		As at 31 Dec 2012	
	\$m	%	\$m	%
Australian Equities	14.2	65.9%	17.2	77.6%
Fixed Interest and Cash	7.3	34.1%	4.9	22.4%
Total Long Portfolio	21.5	100.0%	22.1	100.0%
Total Short Portfolio	(0.0)	(0.0%)	(0.0)	(0.0%)
Total Fund Size	\$21.5m		\$22.1m	
	No.		No.	
Total ordinary shares on issue	19,737,085		19,767,646	
Total options on issue	13,058,342		13,027,781	

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

Code	Company	Market Value \$	Market Value as % Gross Assets
INA	Ingenia Communities Group	746,161	3.4%
CYG	Coventry Group Limited	668,961	3.0%
RHG	RHG Limited	661,788	3.0%
BKW	Brickworks Limited	652,264	3.0%
CCQ	Contango Capital Partners Limited	580,254	2.6%
FXJ	Fairfax Media Limited	476,544	2.2%
CLO	Clough Limited	439,692	2.0%
TLS	Telstra Corporation Limited	435,807	2.0%
HIL	Hills Holdings Limited	435,304	2.0%
EHL	Emeco Holdings Limited	422,027	1.9%
BLD	Boral Limited	417,715	1.9%
AGF	AMP Capital China Growth Fund	413,375	1.9%
HHY	Hastings High Yield Fund	397,044	1.8%
SVW	Seven Group Holdings Limited	395,460	1.8%
SDG	Sunland Group Limited	379,336	1.7%
FBU	Fletcher Building Limited	366,860	1.7%
CSR	CSR Limited	366,257	1.7%
BSL	Bluescope Steel Limited	363,734	1.6%
MOG	Macquarie Group Limited	355,042	1.6%
MYR	Myer Holdings Limited	351,000	1.6%

Portfolio structure – sector allocation



Positive 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 December 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	+10.4%	+15.5%	-5.1%

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%
	Sep 12	Oct 12	Nov 12	Dec 12			Since Inception
Investment Portfolio*	+1.4%	+1.9%	+0.7%	+2.7%			+78.4%
All Ords Accum.	+2.1%	+3.0%	+0.3%	+3.4%			-9.5%

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

For more information

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