



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NTA – JANUARY 2012

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 55.1% compared to a decline of 19.9% 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 January 2012	1 Mth %	6 Mths %	Fin Ytd %	1 Year %	2 Yrs %pa	3 Yrs %pa	Since Inception (Jan-08) %pa
WAM Active Limited*	+1.0%	+1.3%	+1.3%	-0.1%	+5.4%	+20.5%	+11.4%
S&P/ASX All Ordinaries Accumulation Index	+5.2%	-1.6%	-4.9%	-6.9%	+1.1%	+12.2%	-5.3%
Outperformance	-4.2%	+2.9%	+6.2%	+6.8%	+4.3%	+8.3%	+16.7%

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

The NTA numbers below are before the payment of a 4.5 cent per share fully franked interim dividend which is due to be paid on 24 April 2012. The shares traded ex dividend on 11 April 2012.

NTA before tax	108.05c
NTA after tax and before tax on unrealised gains	109.93c*
NTA after tax	108.88c**

* Includes tax assets of 1.88 cents per share.

** Includes the net effect of 1.88 cents of tax assets and 1.05 cents of deferred tax liabilities.

Market Outlook

January was a positive month for equity markets with the S&P/ASX All Ordinaries Accumulation Index up 5.2%. Global equity markets performed well primarily on the back of the near 500bn Euro lending programme before Christmas which saw demand for European sovereign debt increase markedly in January. This increased demand saw debt auctions being completed at lower yields than those of comparable auctions in December. A possible resolution to the Greece situation also buoyed equity markets both here in Australia and abroad.

Australia's CPI came through in line with market consensus showing that inflation is well within the RBA's target band of 2-3%. This coupled with the outlook in Europe, drove the RBA to leave rates unchanged in February. However, with all of the big 4 banks increasing their rates independently in February, the RBA decision and commentary in March will be carefully watched to gauge the RBA's reaction to these independent moves by the banks.

While the Australian reporting season does not kick off in earnest until mid-February, we are expecting more negative earnings surprises than positive ones. We expect anaemic earnings growth for the industrial stocks reporting in the coming weeks.

We are cautiously optimistic on the outlook for equity markets in 2012. Key items of focus will remain the European economy and the slowly improving US economy. We continue to research heavily for future investment opportunities while maintaining a high cash weighting.

Dividends

On 13 February 2012, the Board announced an interim dividend of 4.5 cents per share fully franked to be paid on 24 April 2012. The shares will trade ex dividend on 11 April 2012. This is a 12.5% increase on the prior year's interim dividend.

The dividend reinvestment plan will operate with a 2.5% discount. The current share price (\$1.05 being closing price 13 February 2012) is trading at 2.8% discount to the 31 January 2012 pre-tax NTA. To participate in the dividend reinvestment plan, please send your election to our share registrar no later than 17 April 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.

Providing the Company is deemed solvent by the Board, WAA should always be in a position to pay dividends. As at 31 January 2012, WAA currently has franking credits which allow it to pay a dividend equivalent to 10.7 cents per share. This is before the payment of the interim dividend.

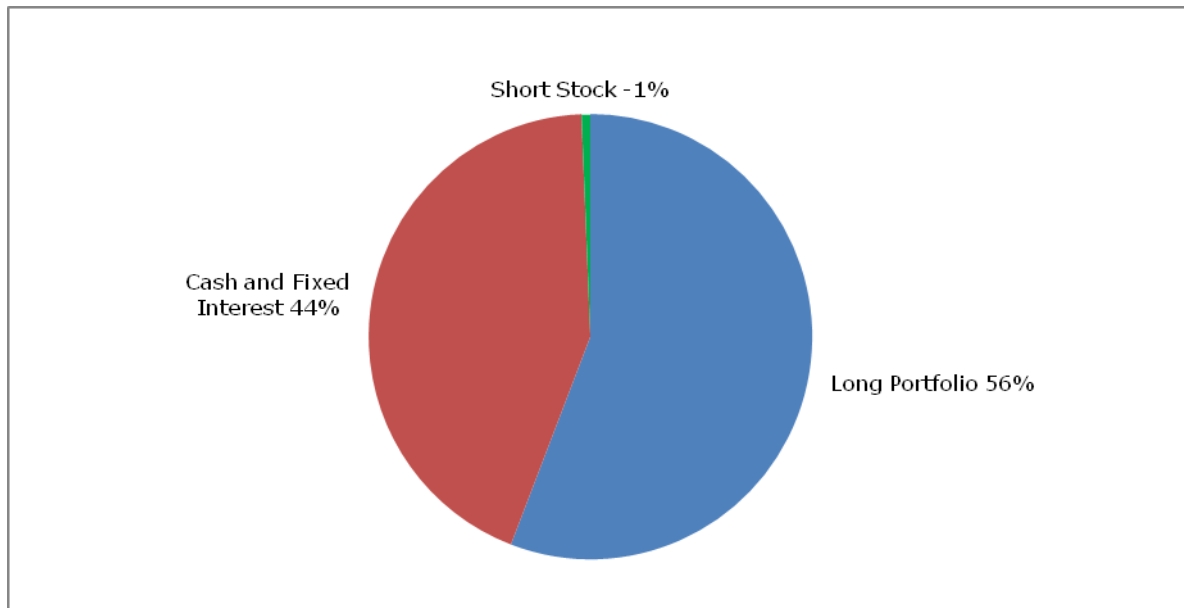
Portfolio Structure

Investment Type	As at 31 Dec 2011		As at 31 Jan 2012	
	\$m	%	\$m	%
Listed Equities	6.9	39.1%	9.9	56.2%
Fixed Interest and Cash	10.8	60.9%	7.8	43.8%
Total Long Portfolio	17.7	100.0%	17.7	100.0%
Total Short Portfolio	(0.3)		(0.1)	
Total Fund Size	\$17.4m		\$17.6m	
	No.		No.	
Total ordinary shares on issue	16,176,213		16,176,213	

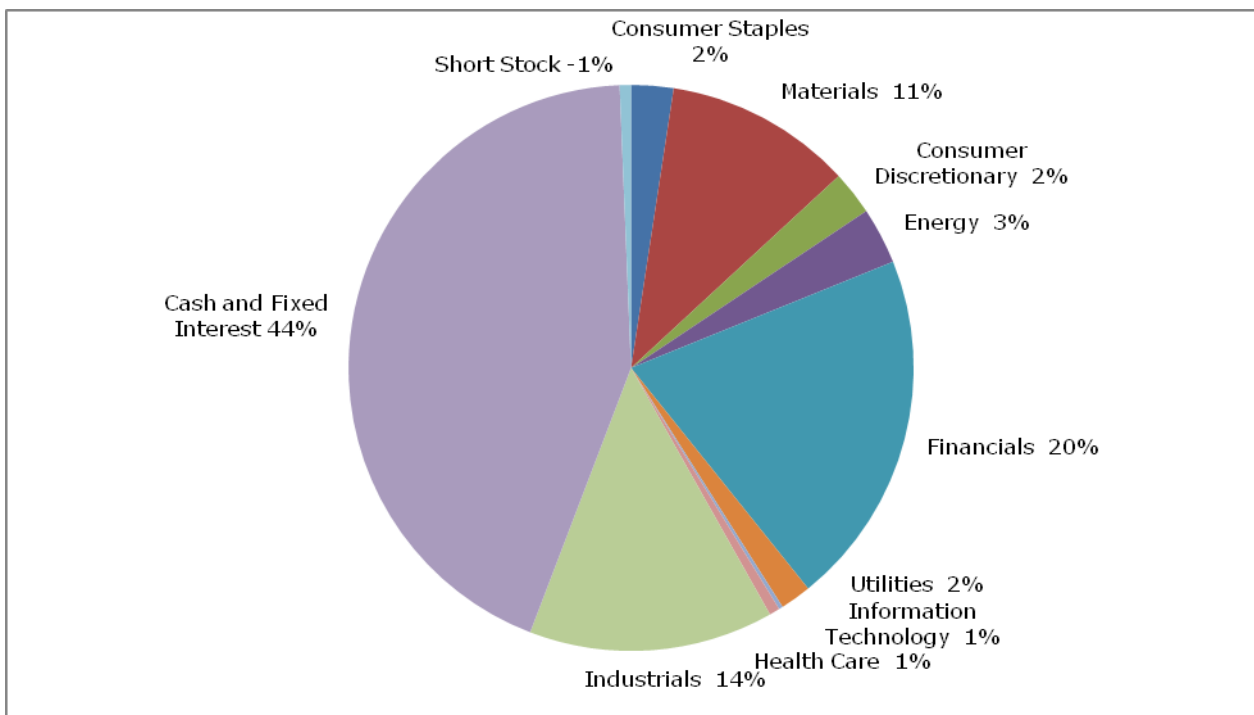
At 31 January 2012 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
CCQ	Contango Capital Partners Limited	531,531	3.0%
BHP	BHP Billiton Limited	483,492	2.7%
MSF	Maryborough Sugar Factory Limited (The)	430,215	2.4%
SDG	Sunland Group Limited	381,817	2.2%
LEI	Leighton Holdings Limited	351,450	2.0%
CGF	Challenger Limited	344,760	2.0%
TOL	Toll Holdings Limited	344,310	2.0%
RIO	Rio Tinto Limited	342,342	1.9%
RHG	RHG Limited	328,038	1.9%
EPX	Ethane Pipeline Income Fund	316,366	1.8%
MND	Monadelphous Group Limited	280,500	1.6%
FXL	FlexiGroup Limited	271,350	1.5%
BSL	Bluescope Steel Limited	270,338	1.5%
ILF	ING Real Estate Community Living Group	267,907	1.5%
DMX	Dolomatrix International Limited	237,863	1.4%
CYG	Coventry Group Limited	237,186	1.3%
BKN	Bradken Limited	185,928	1.1%
MIO	Miclyn Express Offshore Limited	185,555	1.1%
BBG	Billabong International Limited	183,788	1.0%
CBA	Commonwealth Bank of Australia	182,376	1.0%

Portfolio Structure – Asset Allocation



Portfolio Structure - Sector Allocation



Performance

Set out below is the performance of WAA since listing to 31 January 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	Gross 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%
YTD 2011/2012	+1.3%	-4.9%	+6.2%

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	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12
Gross 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%
							Since Inception
Gross Portfolio*							+55.12%
All Ords Accum.							-19.89%

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