

Investment Update & Net Tangible Assets Report

AS AT 31 MARCH 2014



Performance

| Performance at 31 March 2014 | 1 Mth | 6 Mths | Fin YTD | 1 Yr | 3 Yrs %pa | 5 Yrs %pa | Since Inception %pa (Jan-08) |
|---|--------------|--------------|---------------|--------------|--------------|---------------|------------------------------|
| WAA Investment Portfolio* | 0.6% | 6.1% | 18.4% | 12.5% | 12.4% | 18.8% | 13.5% |
| S&P/ASX All Ordinaries Accumulation Index | 0.3% | 5.7% | 17.1% | 13.2% | 7.7% | 13.5% | 1.6% |
| Outperformance | +0.3% | +0.4% | +1.3% | -0.7% | +4.7% | +5.3% | +11.9% |
| UBS Bank Bill Index | 0.2% | 1.3% | 2.0% | 2.8% | 3.7% | 3.9% | 4.5% |
| Outperformance | +0.4% | +4.8% | +16.4% | +9.7% | +8.7% | +14.9% | +9.0% |

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

Net Tangible Assets (NTA) figures

The following NTA figures are before the payment of the 4.8 cents per share fully franked interim dividend which will be paid on 30 April 2014. The shares will trade ex dividend on 11 April 2014.

| | |
|--|-----------------|
| NTA before tax | 110.33c* |
| NTA after tax and before tax on unrealised gains | 110.44c* |
| NTA after tax | 110.26c |

*These figures are after the payment of 3.2 cents in tax during the month.

Market overview

The Australian equity market had a lacklustre performance in March with the S&P/ASX All Ordinaries Accumulation Index ('Index') rising 0.3%. After a strong start to the month, markets globally faltered following comments by new US Federal Reserve Chair Janet Yellen that the central bank would continue to slow its bond-buying program and that interest rates could go up by mid-2015. After falling 2.8% in January and then rising 4.8% in February, the Index ended the March quarter up 2.2%.

The All Ordinaries Accumulation Index is now up 17.1% for the financial year to date and up a remarkable 45.2% from its previous low in June 2012. We continue to be concerned that companies' Price to Earnings (P/E) ratios across a range of sectors are significantly exceeding their historical averages. The average P/E of the top 100 small cap companies is now above pre-GFC levels and technology firms in particular are trading on very high P/E ratios, however the current volatility of US tech stocks indicates the sector is losing its shine.

Our short term outlook for the market remains subdued as some companies appear to be overpriced with limited potential for earnings growth in the immediate term. In line with the Index's performance for the calendar year to date, we expect the market will end 2014 relatively flat. The market continues to present opportunities and, with a strong cash weighting, the investment portfolio is well positioned to capitalise on such opportunities. Over the medium to longer term, we maintain a bullish view of the equity market contingent on increased economic activity supported by historically low interest rates.

WAM Active Limited

| | |
|--|------------|
| ASX Code | WAA |
| Listed | Jan 2008 |
| Gross assets | \$38.8m |
| Market cap | \$46.1m |
| Share price | \$1.355 |
| NTA before tax | \$1.10 |
| Shares on issue | 34,021,523 |
| Fully franked annualised interim dividend (FY2014) | 9.6c |
| Dividend yield | 7.1% |

Investment objectives

- Deliver a regular income stream via fully franked dividends
- Provide a positive return with low volatility, after fees, over most periods of time
- Preserve capital

Company overview

WAM Active Limited (ASX: WAA) is a Listed Investment Company managed by Wilson Asset Management Group. Listed in January 2008, WAA provides investors with exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets.

Investment & Management Team

Geoff Wilson
Chairman/Portfolio Manager

Kate Thorley
Chief Executive Officer/
Company Secretary

Chris Stott
Chief Investment Officer/
Portfolio Manager

Martin Hickson
Senior Equity Analyst/Dealer

Matthew Haupt
Equity Analyst

Mark Tobin
Equity Analyst

Meredith Hemsley
Corporate Affairs

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Diversified portfolio

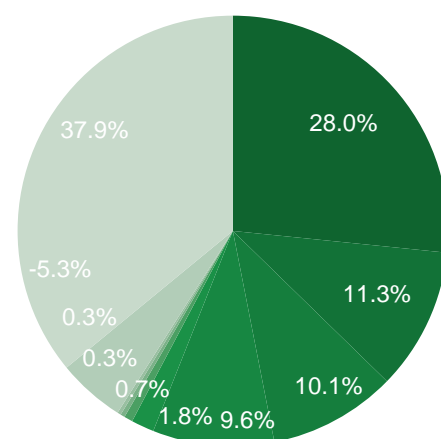
| Investment Type | February 2014 | | March 2014 | |
|-----------------------|---------------|--------|------------|--------|
| | \$m | % | \$m | % |
| Listed Equities | 29.4 | 71.8 | 25.5 | 62.1 |
| Fixed Interest & Cash | 11.5 | 28.2 | 15.5 | 37.9 |
| Long Portfolio | 40.9 | 100.0% | 41.0 | 100.0% |
| Short Portfolio | (1.2) | (3.0) | (2.2) | (5.3) |
| Gross Assets | \$39.7m | | \$38.8m* | |
| Total shares on issue | 34,021,523 | | 34,021,523 | |

* This is after the payment of \$1,100,006 in tax during the month.

Top holdings

| Code | Company | Market Value as % Gross Assets |
|-------|--|-----------------------------------|
| CYA | Century Australia Investments Limited | 4.2% |
| WIC | Westoz Investment Company Limited | 3.2% |
| HIL | Hills Limited | 3.1% |
| CSR | CSR Limited | 3.1% |
| IPE | IPE Limited | 2.9% |
| CBAPA | CBA Perpetual Exc Resale Listed Sec - PERLS IV | 2.7% |
| BKW | Brickworks Limited | 2.7% |
| MQA | Macquarie Atlas Roads Group | 2.3% |
| FLT | Flight Centre Travel Group Limited | 2.2% |
| ANZPB | ANZ Convertible Preference Share - CPS1 | 2.2% |
| DJS | David Jones Limited | 2.2% |
| ALL | Aristocrat Leisure Limited | 2.1% |
| CYG | Coventry Group Limited | 2.1% |
| FBU | Fletcher Building Limited | 2.1% |
| BLD | Boral Limited | 2.0% |
| HHV | Hunter Hall Global Value Limited | 1.9% |
| SHV | Select Harvests Limited | 1.9% |
| DNA | Donaco International Limited | 1.8% |
| AOG | Aveo Group Limited | 1.7% |
| IBC | Ironbark Capital Limited | 1.6% |

Sector allocation



- Financials 28.0%
- Consumer Discretionary 11.3%
- Industrials 10.1%
- Materials 9.6%
- Consumer Staples 1.8%
- Health Care 0.7%
- Information Technology 0.3%
- Telecommunication Services 0.3%
- Short Stock -5.3%
- Cash and Fixed Interest 37.9%

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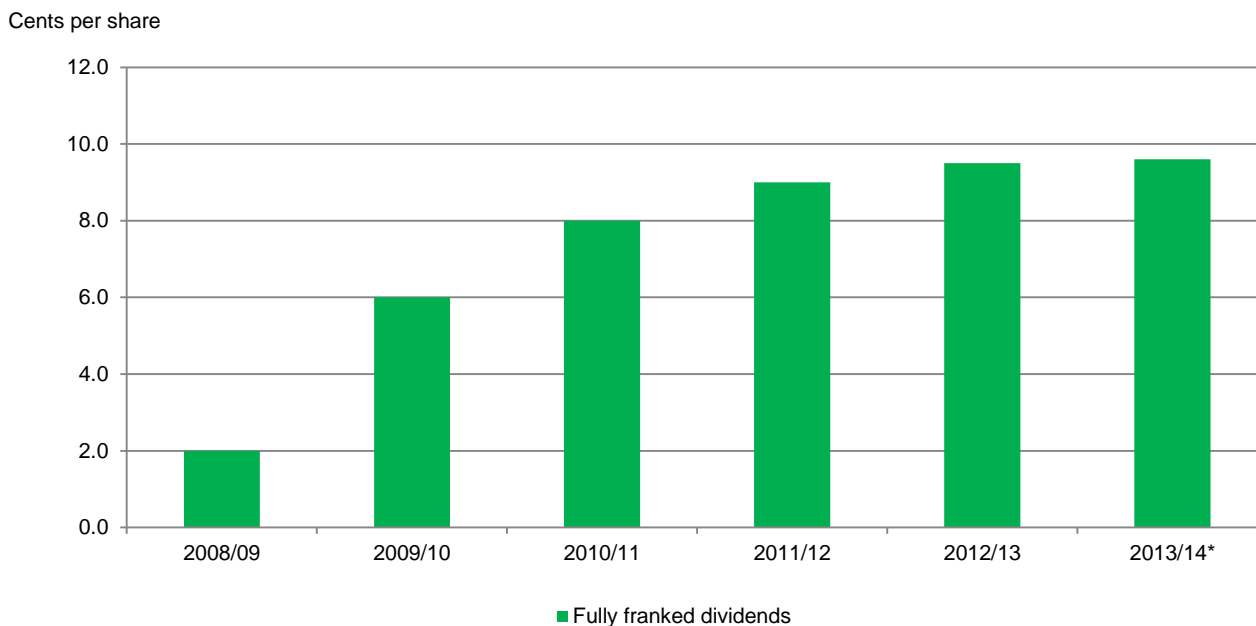
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Dividend growth

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. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

WAM Active dividends since inception



*Annualised interim dividend

On 4 February 2014 the Company announced a fully franked interim dividend of 4.8 cents per share. This represents an annualised fully franked dividend yield of 7.0% based on the last closing price. The interim dividend will be paid on 30 April 2014 and will trade ex on 11 April 2014.

The Dividend Reinvestment Plan (DRP) will operate at a 2.5% discount. To participate in the DRP, shareholders should send their election to the Company's share registrar (Boardroom Pty Ltd) no later than 17 April 2014.

Key dividend dates

| | |
|---------------------------------|---------------|
| Ex date: | 11 April 2014 |
| Record date: | 17 April 2014 |
| Last election date for the DRP: | 17 April 2014 |
| Payment date: | 30 April 2014 |

WAM submission to FSI – levelling the playing field for retail investors

Wilson Asset Management Group is a strong advocate for all shareholders (retail and wholesale) to be treated equally and equitably when investing in the Australian equity market. On 28 March 2014, we made a submission to the federal government's Financial System Inquiry recommending that the government 'level the playing field' by allowing retail investors to participate in primary equity raisings by ASX listed entities without the use of a prospectus. Currently, wholesale investors are advantaged over retail investors with private placements to wholesale investors raising capital at an average discount of 7.8% over the last ten years. To read the full submission, please go to the What's New section of our website www.wamfunds.com.au.