WAM ACTIVE LIMITED (WAA)

ABN 49 126 420 719

INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
MAY 2013

Company overview
WAM Active Limited (WAA or the 'Company') 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 objectives
The investment objectives are to deliver investors a growing income stream in the form of fully franked dividends and to preserve capital.

Performance
Since inception, WAA's investment portfolio has delivered positive returns in the short and long term. The performance against the S&P/ASX All Ordinaries Accumulation Index and the UBS Bank Bill Index is set out in the table below. The investment performance is before expenses, fees and taxes.

Performance as at 31 May 2013	1 Mth %	6 Mths %	Fin YTD %	1 Year %	2 Yrs %pa	3 Yrs %pa	Since Inception (Jan-08) %pa
WAA Investment Portfolio	-3.0%	8.8%	17.0%	18.2%	9.8%	10.9%	12.5%
S&P/ASX All Ordinaries Accumulation Index	-4.4%	10.9%	23.9%	24.2%	6.0%	8.0%	-0.6%
Outperformance	**+1.4%**	**-2.1%**	**-6.9%**	**-6.0%**	**+3.8%**	**+2.9%**	**+13.1%**
UBS Bank Bill Index	0.3%	1.6%	3.0%	3.3%	4.1%	4.4%	4.8%
Outperformance	**-3.3%**	**+7.2%**	**+14.0%**	**+14.9%**	**+5.7%**	**+6.5%**	**+7.7%**

Net Tangible Asset (NTA) figures
The figures below have not been adjusted for the 6,638,798 remaining options on issue with an exercise price of $1.08 per share.

NTA before tax	**106.50c**
NTA after tax and before tax on unrealised gains	**106.84c***
NTA after tax	**105.58c****

* Includes tax assets of 0.34 cents per share.
** Includes the net effect of 0.34 cents of tax assets and 1.26 cents of deferred tax liabilities.
The above figures are after the exercise of 1,000 options during the month.

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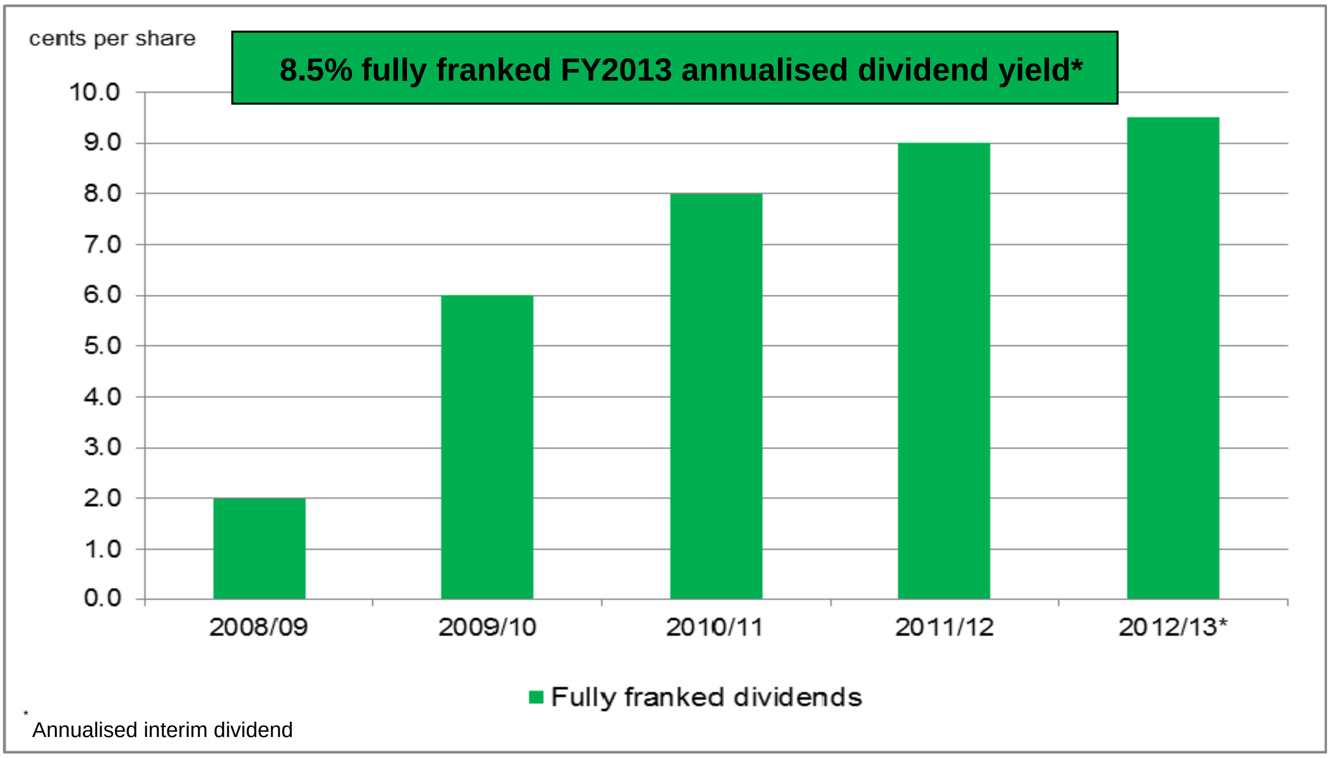
Market outlook
The ASX/S&P All Ordinaries Accumulation Index suffered a sharp decline in May, falling 4.4%, weighed down by a plethora of earnings downgrades across a number of sectors. The RBA cut official interest rates to 2.75%, their lowest in more than 50 years, citing below-trend growth in Australia and overseas. The US Federal Reserve's comments suggesting a tapering of asset purchases in the near term created downward pressure on the market.

The Australian share market has rallied strongly since June last year. Given that historically share prices generally rise 9 to 12 months before earnings start to improve, the rally reflects the market's expectation that earnings will rise in the short term. Through the month of May, this has not yet eventuated. In light of the recent slew of earnings downgrades, we have become more cautious in our outlook for the Australian share market and have adjusted the portfolio accordingly.

Dividends – 4.75 cents per share fully franked interim
The Company paid a fully franked interim dividend of 4.75 cents per share on 19 April 2013. This was a 5.6% increase on the previous year's interim dividend and represents an annualised fully franked dividend yield of 8.5% based on the last sale price.

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 profitability.

WAM Active Dividends



*Based on 13 June 2013 closing price.

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Option issue – exercise at any time before 12 December 2013
On 4 May 2012, the Board announced a one for one bonus issue of options to acquire ordinary shares in the capital of the Company. 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 give shareholders the right but not the obligation to subscribe for shares in WAA at $1.08 per share. The options can be exercised in full or in part. The options are currently trading on the ASX under the code WAAO.

As at 31 May 2013, 9,671,147 options had been exercised for a total consideration of $10,444,837, with the remaining balance of outstanding options being 6,638,798.

Portfolio structure

Investment Type	As at 30 Apr 2013 $m	As at 30 Apr 2013 %	As at 31 May 2013 $m	As at 31 May 2013 %
Australian Equities	18.7	61.9%	16.2	54.9%
Fixed Interest and Cash	11.5	38.1%	13.4	45.1%
Total Long Portfolio	**30.2**	**100.0%**	**29.6**	**100.0%**
Total Short Portfolio	**-0.4**	**-1.3%**	**-0.8**	**-2.6%**
Total Fund Size	**$29.8m**		**$28.8m**	
Total number ordinary shares on issue	26,399,472		26,400,472	
Total number options on issue	6,639,798		6,638,798	

At 31 May 2013, the major securities held in the portfolio were as follows:

Code	Company	Market Value $	Market Value as % Gross Assets
GNC	Graincorp Limited	1,742,008	5.9%
CYA	Century Australia Investments Limited	1,353,137	4.6%
ELI	Emerging Leaders Investments Limited	844,270	2.8%
SDG	Sunland Group Limited	752,169	2.5%
HVN	Harvey Norman Holdings Limited	726,911	2.5%
HIL	Hills Holdings Limited	686,296	2.3%
BKW	Brickworks Limited	591,509	2.0%
IIS1	iSelect Limited	581,955	2.0%
WIC	Westoz Investment Company Limited	560,566	1.9%
IPE	ING Private Equity Access Limited	552,732	1.9%
CYG	Coventry Group Limited	516,135	1.7%
INA	Ingenia Communities Group	487,828	1.6%
PRT	Prime Media Group Limited	456,397	1.5%
VLW	Villa World Limited	424,824	1.4%
DVN	Devine Limited	355,014	1.2%
AIX	Australian Infrastructure Fund	316,674	1.1%
CAA	Capral Limited	268,448	0.9%
RUL	Rungepincockminarco Limited	254,768	0.9%
AVJ	AVJennings Limited	239,005	0.8%
SWL	Seymour Whyte Limited	225,136	0.8%

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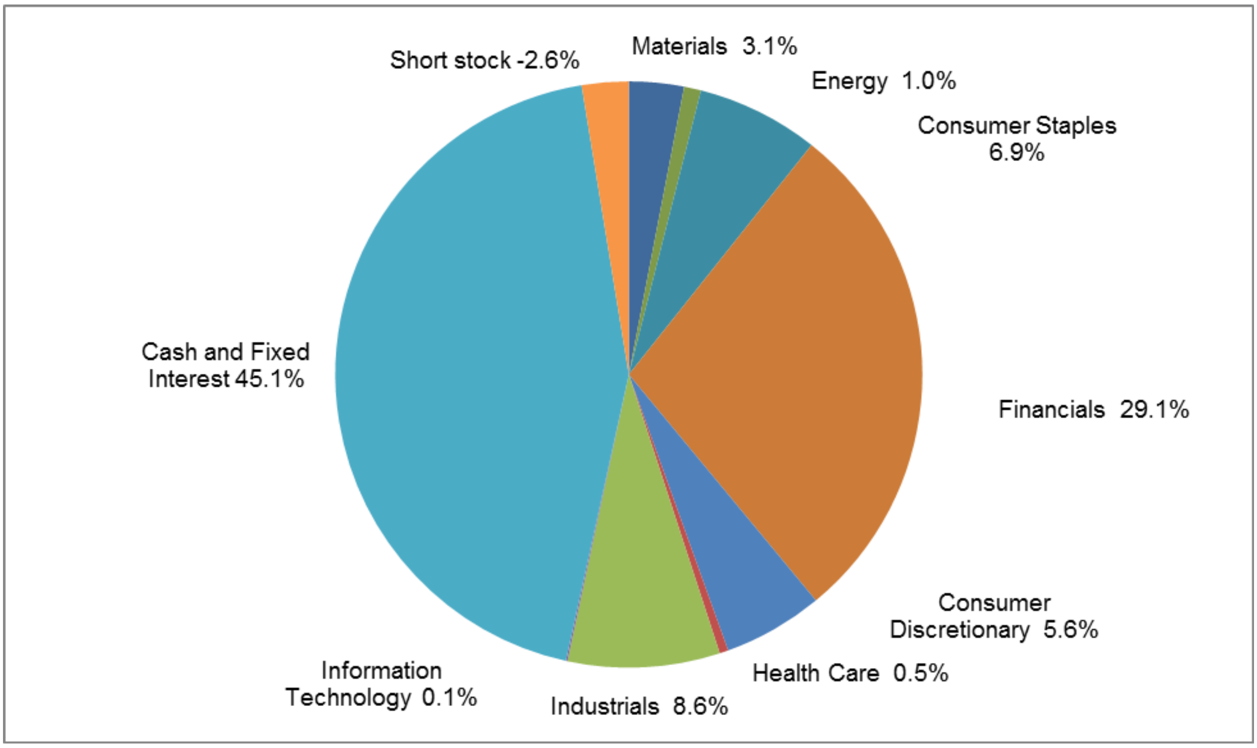
Portfolio structure – sector allocation



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 May 2013 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	17.0%	23.9%	**-6.9%**

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Performance - monthly comparison

The table below shows the month-by-month investment performance of WAA against the S&P/ASX All Ordinaries Accumulation Index since listing to 31 May 2013.

	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**	**Jan 13**	**Feb 13**	**Mar 13**
Investment Portfolio*	+1.4%	+1.9%	+0.7%	+2.7%	+5.3%	+4.6%	-0.1%
All Ords Accum.	+2.1%	+3.0%	+0.3%	+3.4%	+5.1%	+5.2%	-2.2%
	Apr 13	**May 13**					**Since Inception**
Investment Portfolio*	-0.6%	-3.0%					+89.1%
All Ords Accum.	+3.8%	-4.4%					-3.0%

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

For more information

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