



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
NOVEMBER 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 30 November 2012	1 Mth %	6 Mths %	Fin YTD %	1 Year %	2 Yrs %pa	3 Yrs %pa	Since Inception (Jan-08) %pa
WAA Investment Portfolio	+0.7%	+8.7%	+7.5%	+12.0%	+8.1%	+6.6%	+11.9%
S&P/ASX All Ordinaries Accumulation Index	+0.3%	+12.0%	+11.7%	+13.1%	+2.8%	+2.9%	-2.7%
Outperformance	+0.4%	-3.3%	-4.2%	-1.1%	+5.3%	+3.7%	+14.6%

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 13,058,342 remaining options on issue with an exercise price of \$1.08 per share.

NTA before tax	107.04c
NTA after tax and before tax on unrealised gains	108.27c*
NTA after tax	106.21c**

* Includes tax assets of 1.23 cents per share.

** Includes the net effect of 1.23 cents of tax assets and 2.06 cents of deferred tax liabilities.

Market outlook

November keeps positive momentum going - just!

The ASX S&P All Ordinaries Accumulation Index finished up 0.27% for November. The market rallied strongly in the second half of the month to recover its early losses and eke out a small gain. This continued its positive momentum in 2012. We have now registered 10 positive months in the last 11. There was also another 0.25% cash rate cut from the RBA just after the month's end, returning the cash rate to the same level as during the GFC. These low interest rates should help stimulate merger and takeover activity as their cost of capital for funding corporate activity has now fallen significantly. At some point this low interest rate environment should also stimulate the broader economy.

AGM season reflections

The number and breadth of earnings downgrades announced during the AGM season in November was the most notable in memory. This suggests that, even after the recent interest rate cuts, there could be more reductions by the RBA in 2013. Company feedback suggests economic conditions remain tough.

Miners digging for savings

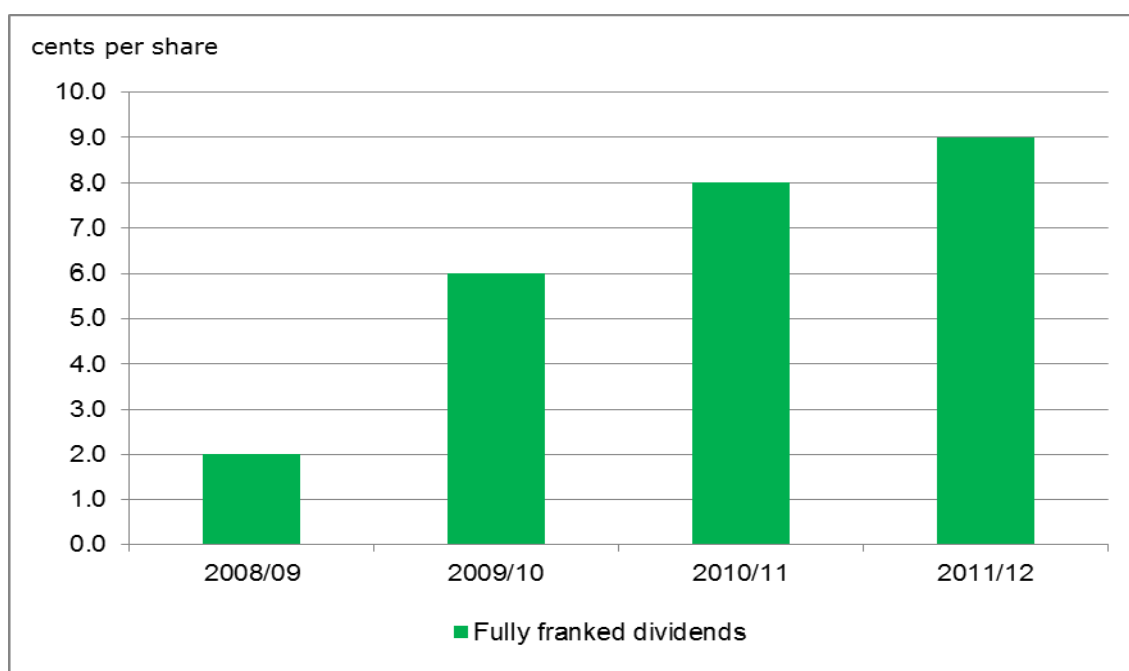
Rio Tinto announced a major cutback in their capital expenditure and exploration budget during the month. This follows similar moves by BHP Billiton and Fortescue Metal Group a few months ago. The brunt of these cuts will be felt by many mining services companies who work with the major miners. Although companies in the sector have experienced big declines in their share prices over the last 6 months, they may have further falls based on these cost reduction programs. As new contracts are negotiated and current contracts come up for renewal, profit margins may be squeezed and revenue could fall as less work is undertaken. As these mining services companies are smaller in size they may provide us with trading opportunities as this new phase of the resources story plays out.

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.

Dividends (continued)



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 30 November 2012, 3,251,603 options have been exercised for a total consideration of \$3,511,731 with a remaining balance of outstanding options being 13,058,342.

Portfolio structure

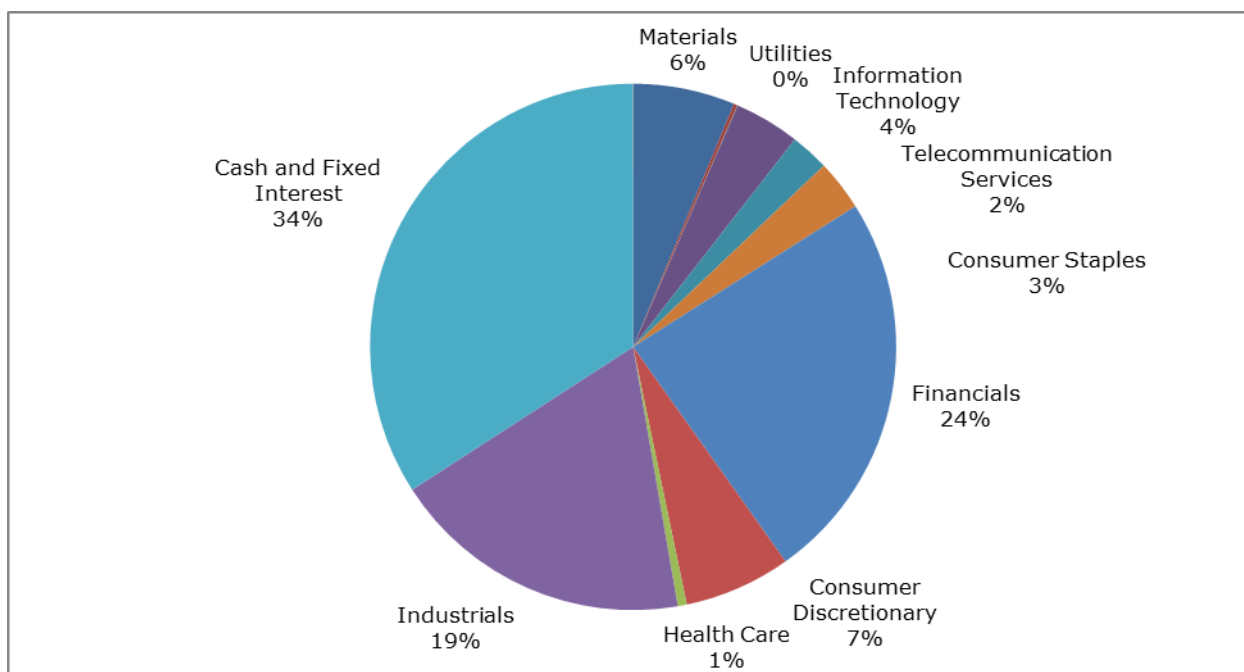
Investment Type	As at 31 Oct 2012		As at 30 Nov 2012	
	\$m	%	\$m	%
Australian Equities	15.8	73.3%	14.2	65.9%
Fixed Interest and Cash	5.8	26.7%	7.3	34.1%
Total Long Portfolio	21.6	100.0%	21.5	100.0%
Total Short Portfolio	(0.2)	(1.0%)	(0.0)	(0.0%)
Total Fund Size	\$21.4m		\$21.5m	
	No.		No.	
Total ordinary shares on issue	19,737,085		19,737,085	
Total options on issue	13,058,342		13,058,342	

Portfolio structure (continued)

At 30 November 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	3.5%
RHG	RHG Limited	676,495	3.1%
CYG	Coventry Group Limited	636,120	3.0%
BKW	Brickworks Limited	619,223	2.9%
CRZ	Carsales.Com Limited	611,098	2.8%
CCQ	Contango Capital Partners Limited	580,254	2.7%
ALS	Alesco Corporation Limited	535,048	2.5%
FXJ	Fairfax Media Limited	453,184	2.1%
CLO	Clough Limited	435,614	2.0%
TLS	Telstra Corporation Limited	429,823	2.0%
PRV	Premium Investors Limited	421,224	2.0%
SDG	Sunland Group Limited	391,700	1.8%
AGF	AMP Capital China Growth Fund	363,645	1.7%
RIC	Ridley Corporation Limited	361,663	1.7%
CSR	CSR Limited	360,651	1.7%
MYR	Myer Holdings Limited	352,625	1.6%
QAN	Qantas Airways Limited	349,177	1.6%
IVA	Ivanhoe Australia Limited	311,564	1.4%
SHV	Select Harvests Limited	308,411	1.4%
CTN	Contango Microcap Limited	294,986	1.4%

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 30 November 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	+7.5%	+11.7%	-4.2%

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				Since Inception
Investment Portfolio*	+1.4%	+1.9%	+0.7%				+73.8%
All Ords Accum.	+2.1%	+3.0%	+0.3%				-12.5%

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

For more information

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