



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
OCTOBER 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 October 2012	1 Mth %	6 Mths %	Fin YTD %	1 Year %	2 Yrs %pa	3 Yrs %pa	Since Inception (Jan-08) %pa
WAA Investment Portfolio	+1.9%	+6.2%	+6.7%	+10.8%	+8.9%	+6.4%	+11.9%
S&P/ASX All Ordinaries Accumulation Index	+3.0%	+4.0%	+11.4%	+8.9%	+2.3%	+3.5%	-2.8%
Outperformance	-1.1%	+2.2%	-4.7%	+1.9%	+6.6%	+2.9%	+14.7%

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	106.55c
NTA after tax and before tax on unrealised gains	107.94c*
NTA after tax	105.82c**

* Includes tax assets of 1.39 cents per share.

** Includes the net effect of 1.39 cents of tax assets and 2.12 cents of deferred tax liabilities.

Market outlook

Market up again

The ASX S&P All Ordinaries Accumulation Index finished up 2.97% for October. This was its 5th consecutive positive month. It has also now registered 9 positive months in the last 10. Another 0.25% interest rate cut by the RBA and the expectation of further cuts helped drive the market higher.

Merger and acquisition activity heats up

A low interest rate environment is conducive to merger and acquisition activity, as we have mentioned previously. This month a plethora of deals were announced with takeover or merger talks involving Arrium, Discovery Metals, Graincorp, WHK Group and SFG Australia. We believe this trend will continue as more interest cuts are delivered by the RBA during FY13.

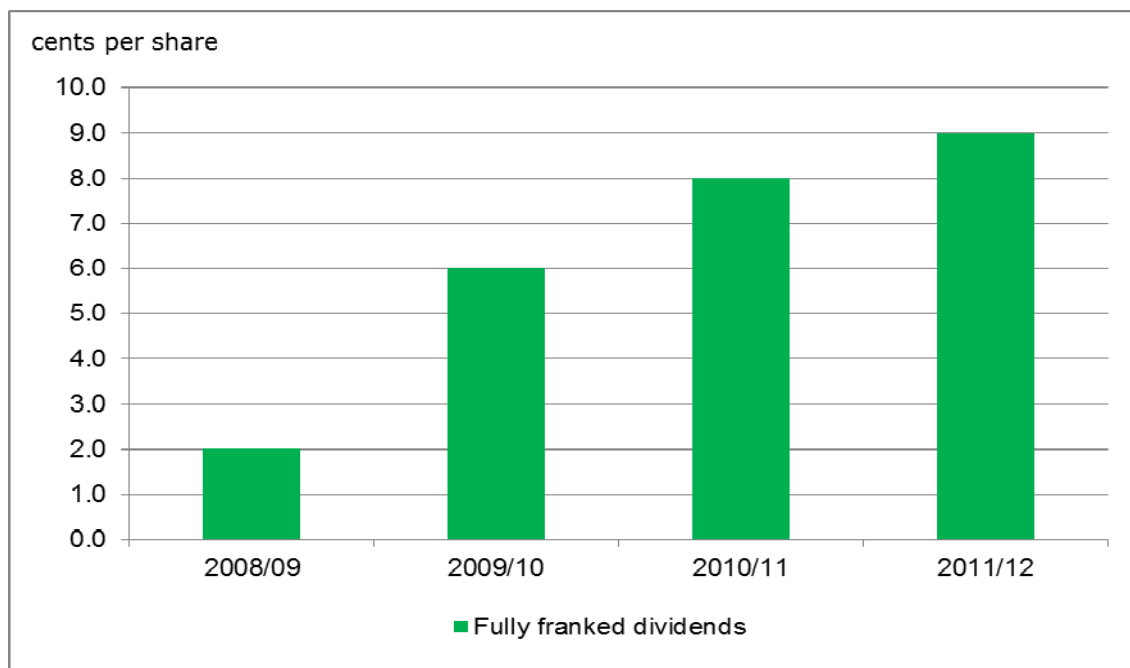
Downgrades leak out

Downgrades have been announced from companies such as Harvey Norman, SMS Management and Technology, QBE Insurance Group and Origin Energy, representing varying sectors of the economy. November is a key time for AGMs and we expect further downgrades to be revealed at these meetings. The feedback we continue to receive from companies is that trading conditions remain challenging.

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 October 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

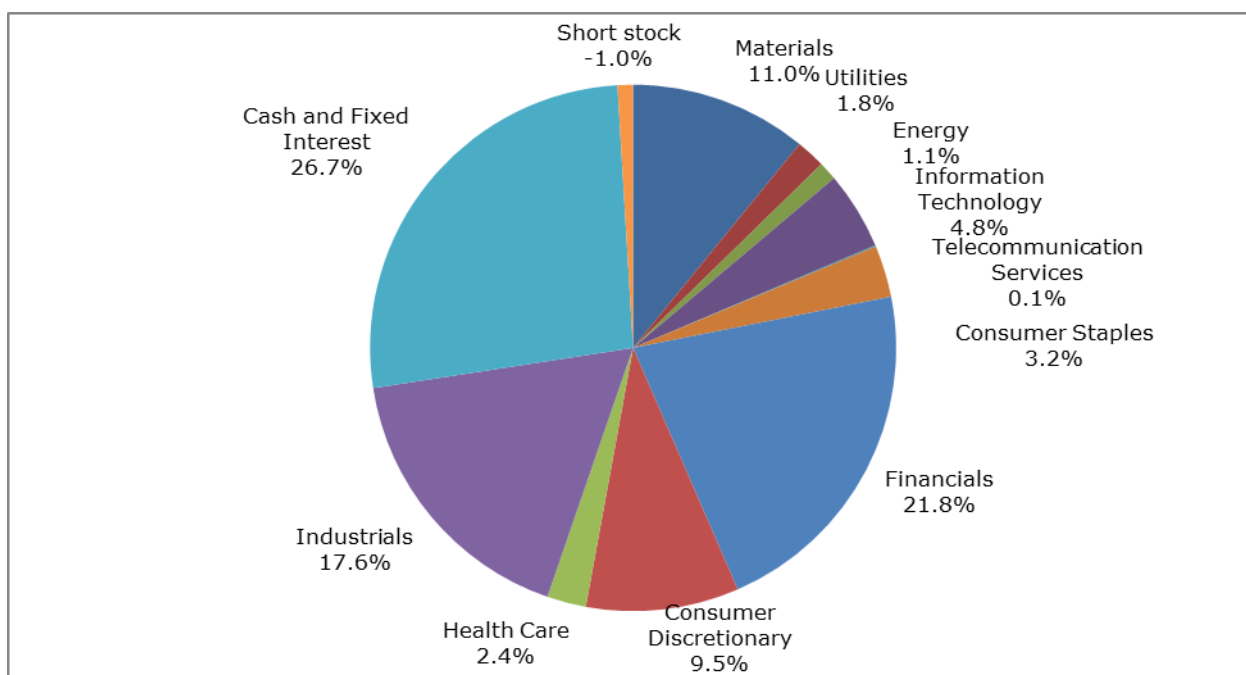
Investment Type	As at 30 Sep 2012		As at 31 Oct 2012	
	\$m	%	\$m	%
Listed Equities	11.6	57.3%	15.8	73.3%
Fixed Interest and Cash	8.6	42.7%	5.8	26.7%
Total Long Portfolio	20.2	100.0%	21.6	100.0%
Total Short Portfolio	(0.3)	(1.7%)	(0.2)	(1.0%)
Total Fund Size	\$19.9m		\$21.4m*	
	No.		No.	
Total ordinary shares on issue	17,656,274		19,737,085	
Total options on issue	14,963,616		13,058,342	

* This is after the receipt of option monies totalling \$2,057,696 and the payment of the \$696,872 fully franked final dividend during the month.

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

Code	Company	Market Value \$	Market Value as % Gross Assets
CSR	CSR Limited	649,038	3.0%
INA	Ingenia Communities Group	617,943	2.9%
RHG	RHG Limited	610,316	2.8%
BKW	Brickworks Limited	609,368	2.8%
ALS	Alesco Corporation Limited	608,665	2.8%
CCQ	Contango Capital Partners Limited	580,254	2.7%
CYG	Coventry Group Limited	563,575	2.6%
CRZ	Carsales.Com Limited	525,855	2.4%
SDG	Sunland Group Limited	444,895	2.1%
FLT	Flight Centre Limited	442,730	2.0%
DJS	David Jones Limited	436,598	2.0%
RIC	Ridley Corporation Limited	419,750	1.9%
PRV	Premium Investors Limited	418,656	1.9%
BSL	Bluescope Steel Limited	411,939	1.9%
MYR	Myer Holdings Limited	411,021	1.9%
SVW	Seven Group Holdings Limited	393,455	1.8%
CLO	Clough Limited	393,343	1.8%
CIF	Challenger Infrastructure Fund	393,303	1.8%
AGF	AMP Capital China Growth Fund	344,452	1.6%
FRI	Finbar Group Limited	317,773	1.5%

Portfolio structure – sector allocation



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 October 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	+6.7%	+11.4%	-4.7%

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					Since Inception
Investment Portfolio*	+1.4%	+1.9%					+72.5%
All Ords Accum.	+2.1%	+3.0%					-12.8%

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

Investor Presentations

The team at Wilson Asset Management enjoys the opportunity to meet with you at the semi-annual investor presentations to be held on the following dates:

Perth – 20 November 2012
 Sydney – 28 November 2012
 Melbourne – 29 November 2012
 Adelaide – 30 November 2012
 Canberra – 3 December 2012
 Brisbane – 4 December 2012

We look forward to seeing you and please feel free to invite any other interested parties.

For more information

Please contact Geoff Wilson, Chris Stott or Kate Thorley.

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