

# Investment Update & Net Tangible Assets Report

AS AT 31 OCTOBER 2013



## Positive performance

Performance at 31 October 2013	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio*	3.8%	10.9%	15.9%	25.3%	14.1%	18.6%	14.1%
S&P/ASX All Ordinaries Accumulation Index	3.9%	7.2%	15.1%	24.7%	9.3%	11.1%	1.5%
<b>Outperformance</b>	<b>-0.1%</b>	<b>+3.7%</b>	<b>+0.8%</b>	<b>+0.6%</b>	<b>+4.8%</b>	<b>+7.5%</b>	<b>+12.6%</b>
UBS Bank Bill Index	0.2%	1.4%	0.9%	3.0%	4.1%	4.1%	4.6%
<b>Outperformance</b>	<b>+3.6%</b>	<b>+9.5%</b>	<b>+15.0%</b>	<b>+22.3%</b>	<b>+10.0%</b>	<b>+14.5%</b>	<b>+9.5%</b>

\* The investment performance is before expenses, fees and taxes.

## Net Tangible Assets (NTA) figures

The following NTA figures are after the payment of the 4.75 cents per share fully franked FY13 final dividend on 4 October 2013.

NTA before tax	<b>112.29c</b>
NTA after tax and before tax on unrealised gains	<b>112.31c*</b>
NTA after tax	<b>108.98c**</b>

\*Includes tax assets of 0.02 cents per share.

\*\*Includes the net effect of 0.02 cents of tax assets and 3.33 cents of deferred tax liabilities. The above figures are after 27,311 options exercised during the month.

## Market overview

In October, the S&P/ASX All Ordinaries Accumulation Index ('Index') increased 3.9% with markets globally driven higher by a consensus view that the US Federal Reserve would not taper its program of Quantitative Easing ('QE') until well into calendar year 2014. Early in the month the market was weighed down by concerns arising from the US Congress' impasse over the country's debt ceiling. The market's gains in October add to strong performance in recent months with the Index now up more than 20% for the calendar year to date.

In Australia and overseas, the Initial Public Offering ('IPO') market is extremely buoyant with the much-anticipated float of social media giant Twitter last week far exceeding initial market expectations - its share price surging 72% on its first day of trade. Locally, the IPO market is also strong with applications for shares in several companies readying to list being oversubscribed well ahead of their scheduled IPO dates. We anticipate a rush of IPOs between now and the Christmas/New Year break, including the ASX market debut of the online contracting site Freelancer Limited (FLN) which is expected later this month. Like Twitter, FLN will test the market's appetite for the pure online business model. We have participated in many recent IPOs.

The market's appetite for IPOs and its recent strong performance is not however reflected in company earnings with numerous companies reporting earnings downgrades in recent weeks including Ausdrill Limited (ASL) and Echo Entertainment (EGP). The Annual General Meeting season will peak over the next fortnight and we expect other companies will use their shareholder meetings as an opportunity to revise their profit forecasts downwards. The Company does not hold any shares in ASL or EGP.

### WAM Active Limited

ASX Code	WAA
Listed	Jan 2008
Gross assets	\$37.7m
Market cap	\$40.2m
Share price	\$1.24
NTA before tax	\$1.12
Shares on issue	32,432,800
Options on issue	1,893,148
Fully franked dividends (FY2013)	9.5c
Dividend yield	7.7%

### 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

# Investment Update & Net Tangible Assets Report

AS AT 31 OCTOBER 2013



## Diversified portfolio

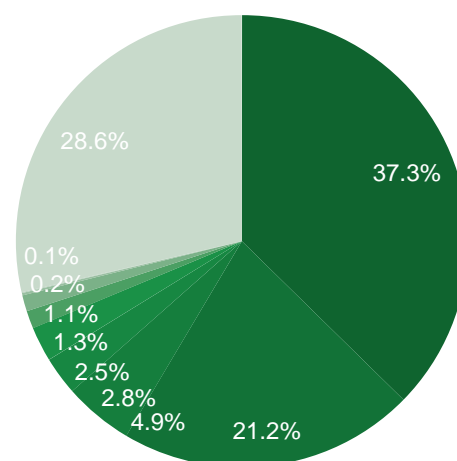
Investment Type	September 2013		October 2013	
	\$m	%	\$m	%
Listed Equities	23.2	64.1	26.9	71.4
Fixed Interest & Cash	13.0	35.9	10.8	28.6
Long Portfolio	36.2	100.0%	37.7	100.0%
Short Portfolio	(0.0)	(0.0%)	(0.0)	(0.0)
Gross Assets	\$36.2m		\$37.7m*	
Total shares on issue	31,118,811		32,432,800	
Total options on issue	1,920,459		1,893,148	

\* This is after the payment of the fully franked final FY13 dividend during the month.

## Top holdings

Code	Company	Market Value as % Gross Assets
FKP	FKP Property Group	5.8%
CLO	Clough Limited	4.7%
GNC	Graincorp Limited	4.5%
CYA	Century Australia Investments Limited	4.0%
HIL	Hills Holdings Limited	3.0%
WIC	Westoz Investment Company Limited	2.9%
IPE	ING Private Equity Access Limited	2.7%
ELI	Emerging Leaders Investments Limited	2.4%
BKW	Brickworks Limited	2.4%
TSE	Transfield Services Limited	2.2%
MFG	Magellan Financial Group Limited	2.1%
MQA	Macquarie Atlas Roads Group	2.1%
LLC	Lend Lease Group	2.0%
CSR	CSR Limited	2.0%
SGP	Stockland	2.0%
CYG	Coventry Group Limited	2.0%
PRT	Prime Media Group Limited	1.6%
SDG	Sunland Group Limited	1.5%
VLW	Villa World Limited	1.5%
DVN	Devine Limited	1.4%

## Sector allocation



- Financials 37.3%
- Industrials 21.2%
- Consumer Staples 4.9%
- Consumer Discretionary 2.8%
- Materials 2.5%
- Health Care 1.3%
- Energy 1.1%
- Telecommunication Services 0.2%
- Information Technology 0.1%
- Cash and Fixed Interest 28.6%

# Investment Update & Net Tangible Assets Report

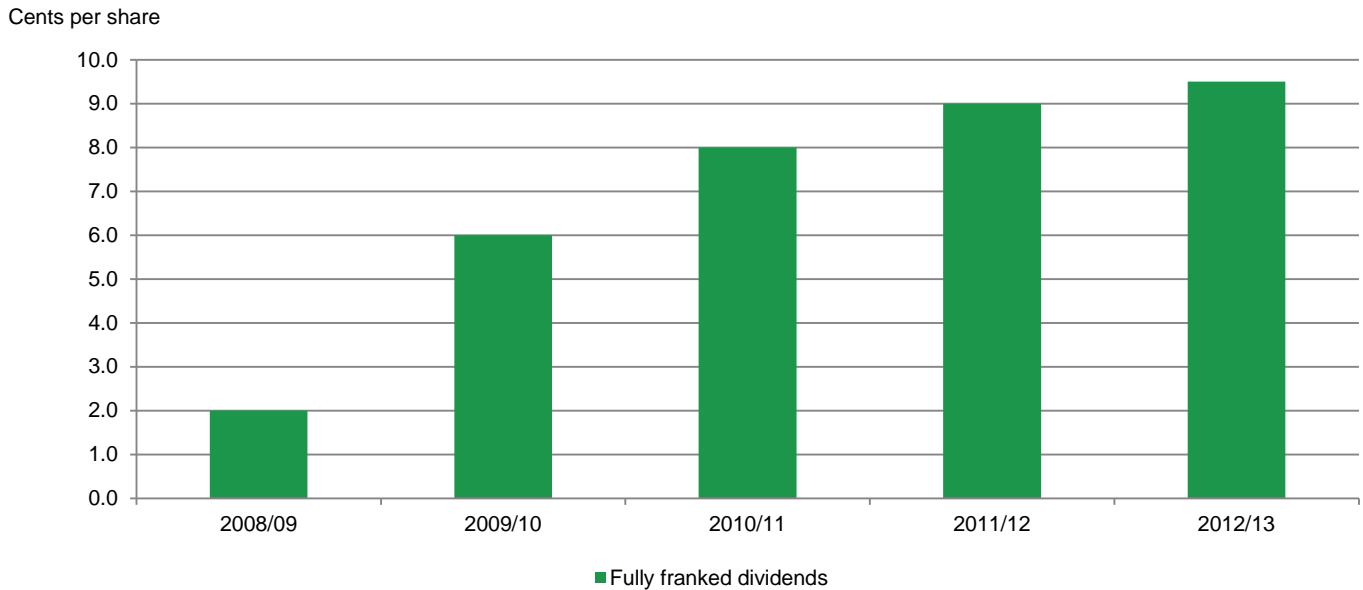
AS AT 31 OCTOBER 2013



## 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



On 4 October 2013, the Company paid a fully franked final dividend of 4.75 cents per share, an increase of 5.6% on the previous corresponding period. The final dividend brings the total dividend for FY2013 to 9.5 cents per share and represents a fully franked annual dividend yield of 7.9%, based on the last closing price.

The Dividend Reinvestment Plan (DRP) for the FY2013 final dividend was fully underwritten by Taylor Collison Limited. The DRP price was \$1.1488 per share.

## Bonus 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 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 WAM Active at \$1.08 per share. The options can be exercised in full or in part. The options are currently trading on the Australian Securities Exchange ('ASX') under the code WAAO.

As at 31 October 2013, 14,416,797 options (88.4%) had been exercised for a total consideration of \$15,570,141, with the remaining balance of outstanding options being 1,893,148.