

# Investment Update & Net Tangible Assets Report

AS AT 31 OCTOBER 2014



## Performance

Performance at 31 October 2014	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio*	0.3%	1.6%	0.3%	3.3%	12.8%	9.3%	12.5%
S&P/ASX All Ordinaries Accumulation Index	4.0%	2.8%	3.7%	5.9%	12.9%	7.9%	2.1%
<b>Outperformance</b>	<b>-3.7%</b>	<b>-1.2%</b>	<b>-3.4%</b>	<b>-2.6%</b>	<b>-0.1%</b>	<b>+1.4%</b>	<b>+10.4%</b>
UBS Bank Bill Index	0.2%	1.3%	0.9%	2.7%	3.3%	3.9%	4.4%
<b>Outperformance</b>	<b>+0.1%</b>	<b>+0.3%</b>	<b>-0.6%</b>	<b>+0.6%</b>	<b>+9.5%</b>	<b>+5.4%</b>	<b>+8.1%</b>

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

## Net Tangible Assets (NTA) figures

The following NTA figures are after the 4.8 cents per share fully franked final dividend paid on 24 October 2014.

NTA before tax	<b>101.08c</b>
NTA after tax and before tax on unrealised gains	<b>101.48c*</b>
NTA after tax	<b>101.45c**</b>

\*Includes tax assets of 0.4 cents per share.

\*\*Includes the net effect of 0.4 cents of tax assets and 0.03 cents of deferred tax liabilities.

## Market overview

The Australian sharemarket bounced back from an eight-month low during October with the S&P/ASX All Ordinaries Accumulation Index ending the month up 4.0%. The rally was led by financials following their heavy sell-off in September due to regulatory uncertainty and good results coming out of the US quarterly earnings season. Despite ending the month in positive territory, global equity markets saw increased volatility as measured by the VIX Index – a volatility index based on the S&P 500 Index in the US and widely used as a global indicator of market volatility – reaching its highest level since June 2012.

In the US, the S&P 500 Index rallied to close up 2.3%, with news of faster than anticipated economic growth leading to new highs in the sharemarket. Third quarter GDP figures came in at 3.5%, well ahead of market expectations of 3.0%. At the same time, the Fed's third round of quantitative easing (QE) came to an end. Meanwhile the Bank of Japan surprised markets by announcing an expansion to its asset-buying program – its own form of QE, while equity markets in Europe were weaker across the board in October due to concerns about the prospects of European growth.

We continue to be cautious in our short term view of Australia's equity market. AGM season, which has commenced, is providing mixed news flow. Industries directly exposed to consumers, such as retail, are continuing to experience tough operating conditions. Our investment portfolio is conservatively positioned, exhibiting higher than average cash levels and as volatility returns to equity markets, we are well positioned to ride through the fluctuations in the market as we have done in past cycles.

### WAM Active Limited

ASX Code	WAA
Listed	Jan 2008
Gross assets	\$35.2m
Market cap	\$46.1m
Share price	\$1.33*
NTA before tax	\$1.01*
Shares on issue	34,693,760
Fully franked dividends (FY2014)	9.6c
Dividend yield	7.2%

\*After the payment of the 4.8c fully franked final dividend.

### 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**  
Senior Equity Analyst

**Tobias Yao**  
Equity Analyst

**Melanie Shaw**  
Corporate Affairs

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## Diversified portfolio

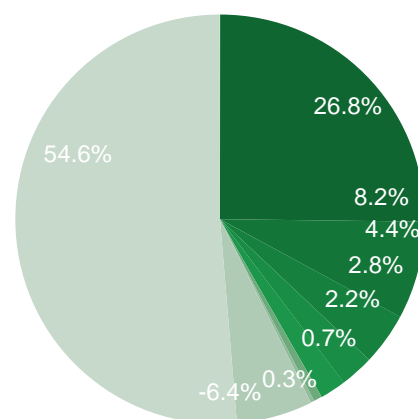
Investment Type	September 2014		October 2014	
	\$m	%	\$m	%
Listed Equities	17.9	47.0	17.1	45.4
Fixed Interest & Cash	20.2	53.0	20.5	54.6
Long Portfolio	38.1	100.0%	37.6	100.0%
Short Portfolio	(1.7)	(4.3)	(2.4)	(6.4)
Gross Assets	\$36.4m		\$35.2m*	
Total shares on issue	34,316,532		34,693,760	

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

## Top holdings

Code	Company	Market Value as % Gross Assets
CYA	Century Australia Investments Limited	4.8%
HHV	Hunter Hall Global Value Limited	4.4%
HVN	Harvey Norman Holdings Limited	3.4%
APO	APN Outdoor Group Limited	2.9%
IPE	IPE Limited	2.6%
GMA	Genworth Mortgage Insurance Australia Limited	2.5%
WIC	Westoz Investment Company Limited	2.4%
IBC	Ironbark Capital Limited	2.2%
HIL	Hills Limited	2.1%
ALL	Aristocrat Leisure Limited	2.1%
SDG	Sunland Group Limited	1.6%
AMM	Amcom Telecommunications Limited	1.6%
SDA	SpeedCast International Limited	1.4%
CYG	Coventry Group Limited	1.3%
HFA	HFA Holdings Limited	1.2%
GJT	Galileo Japan Trust	1.1%
QAN	Qantas Airways Limited	1.0%
SIO	Simonds Group Limited	0.9%
CRH	Crowe Horwath Australasia Limited	0.9%
AOG	Aveo Group Limited	0.9%

## Sector allocation



- Financials 26.8%
- Consumer Discretionary 8.2%
- Industrials 4.4%
- Telecommunication Services 2.8%
- Information Technology 2.2%
- Materials 0.7%
- Consumer Staples 0.3%
- Short Stock -6.4%
- Cash and Fixed Interest 54.6%

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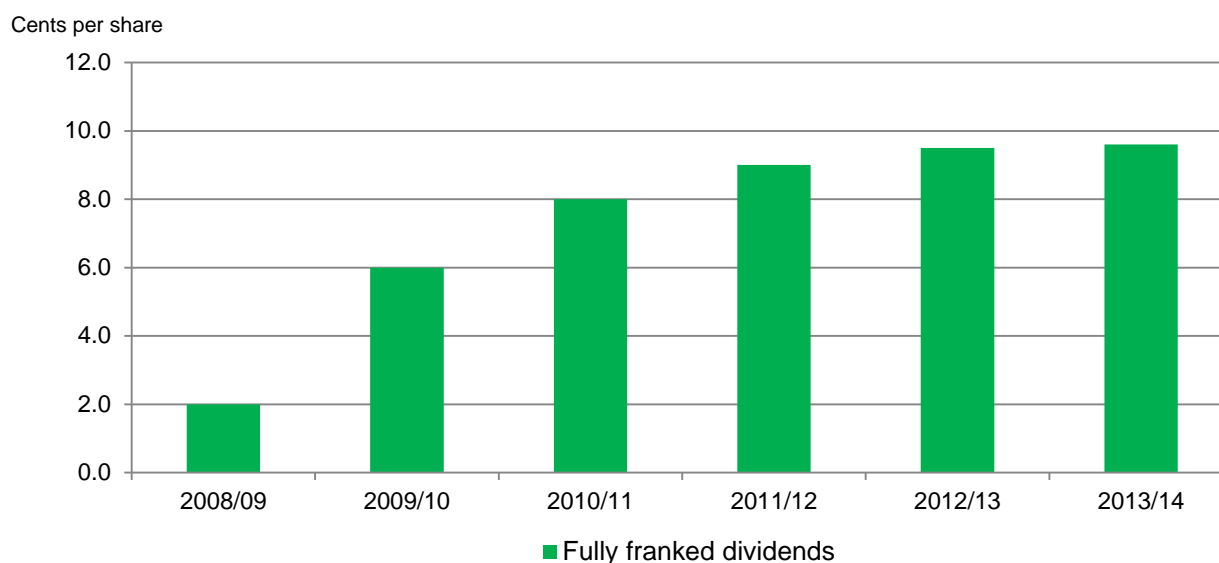
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## Dividend growth

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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. 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 24 October 2014, the Company paid a fully franked final dividend of 4.8 cents per share. This brings the FY14 full year fully franked dividend to 9.6 cents per share.

## Upcoming investor presentations

Date	City	Location	Time
Wednesday 19 November 2014	Perth	Rydges Perth Cnr King & Hay St	10:00am – 12:00pm
Friday 28 November 2014	Sydney	Wesley Conference Centre Wesley Theatre 220 Pitt Street	WAA AGM 9:30am – 10:00am Presentation 11:30am – 12:30pm
Monday 1 December 2014	Adelaide	National Wine Centre of Australia Cnr Botanic & Hackney Rd	10:00am – 12:00pm
Tuesday 2 December 2014	Melbourne	Rydges Hotel 180 Exhibition St	10:00am – 12:00pm
Wednesday 3 December 2014	Brisbane	Brisbane Convention & Exhibition Centre Cnr Merivale & Glenelg Street South Bank	10:00am – 12:00pm
Thursday 4 December 2014	Canberra	Belconnen Premier Inn 110 Benjamin Way Belconnen	10:00am – 12:00pm

If you wish to attend one of our investor presentations, please RSVP by email to [info@wamfunds.com.au](mailto:info@wamfunds.com.au) or call our office on (02) 9247 6755.