

WAM Active Limited (WAA)

Investor Presentation

May 2011



**SUPERIOR
RETURNS
FROM THE
SMALL TO
MID CAP
SECTOR**

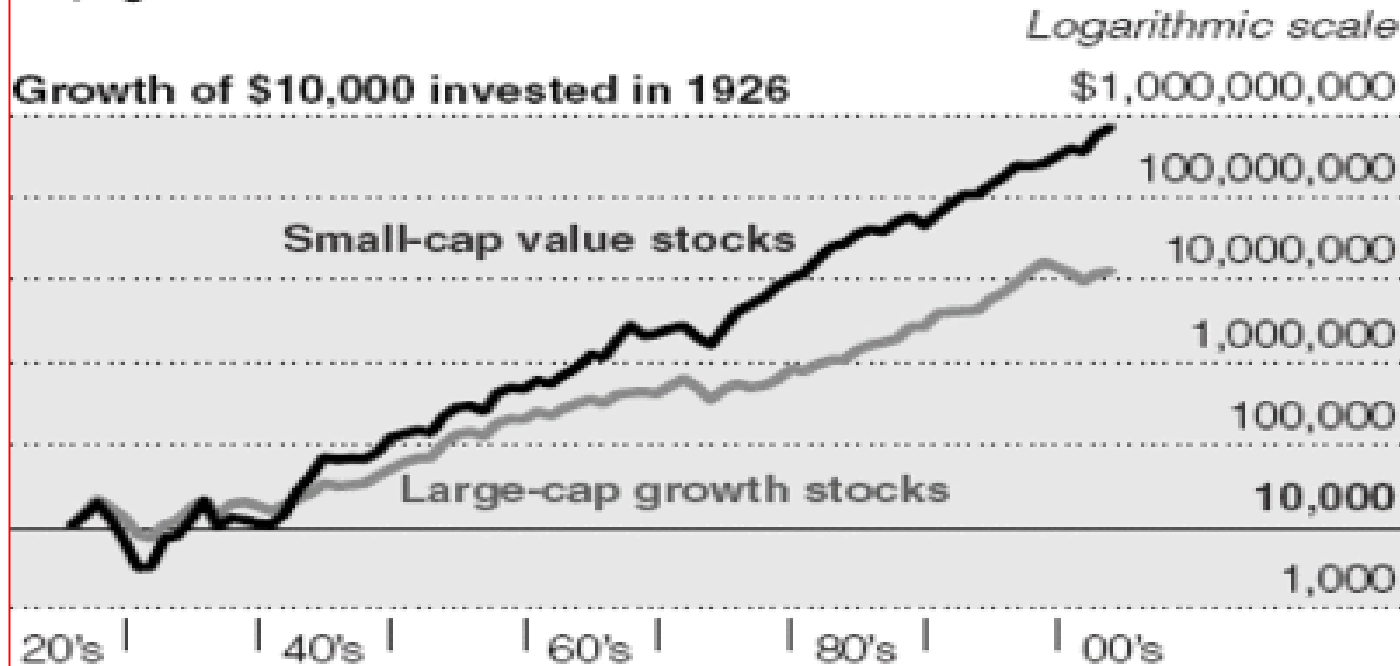
- > more opportunities
- > more growth
- > more dividends

Small Cap Value



Smaller and More Rewarding

Since 1926, the average small-cap value stock has significantly outperformed the average large-cap growth stock.



Source: Eugene S. Fama, Kenneth R. French

The New York Times

Mid to Small Cap Sector Benefits



- Small cap value has outperformed all other sectors*
- Under researched – the market valuation is inefficient
- Access to management - ability to build strong relationships
- Life cycle of the business – ability to grow at a faster rate than larger companies
- Higher risk and higher returns
- More takeover activity

LIC Structure Benefits



Listed Investment Company's are very attractive investment vehicles

- Studies show LICs outperform managed funds*
- Closed pool of capital – never forced seller or buyer
- Provide consistent flow of fully franked dividends
- Lower MER compared to managed funds
- Provide opportunities – can trade at a premium/discount to assets
- Trades on the ASX which provides intra-day liquidity

* UK Study Source: Collins Stewart Pty Ltd

Our Experienced Team



- Geoff Wilson - Chairman and Portfolio Manager
- Chris Stott - CIO and Portfolio Manager, previously Head of Research
- Kate Thorley - CEO of Wilson Asset Management. Kate was previously our CFO and remains Company Secretary for WAM, WAX and WAA.
- Matthew Kidman to step down from day to day activities to pursue other interests at the end of June.
Matthew will remain on the Boards of WAM, WAX and WAA
- Martin Hickson - Analyst/Dealer, focus on Market Driven investments
- Matt Haupt - Research Analyst, CFA with 6 years experience as a Portfolio Manager and Analyst, focus on Research Driven investments

Investment Process

“Market Driven”

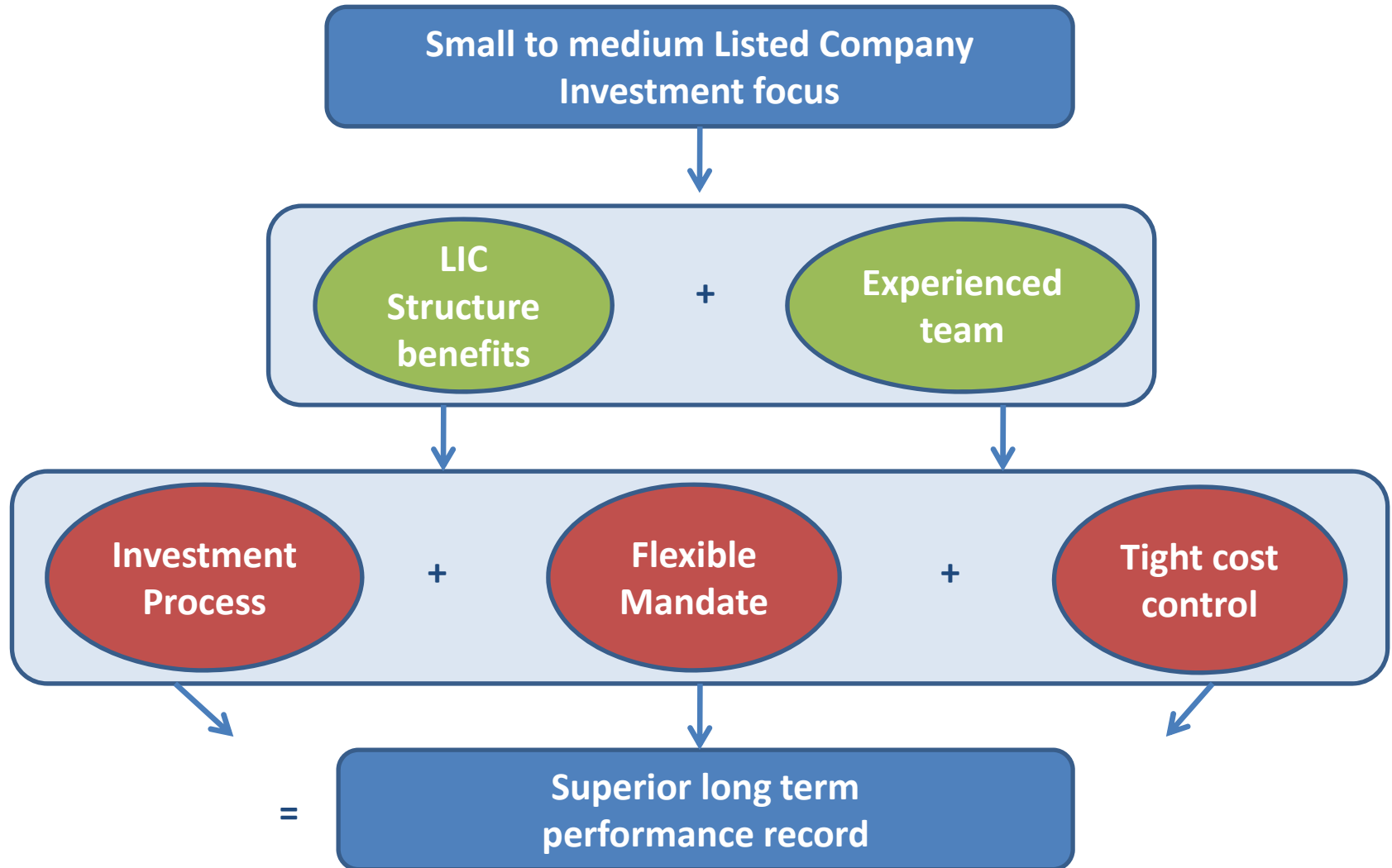


We scour the market for trading opportunities. These could include participating in:

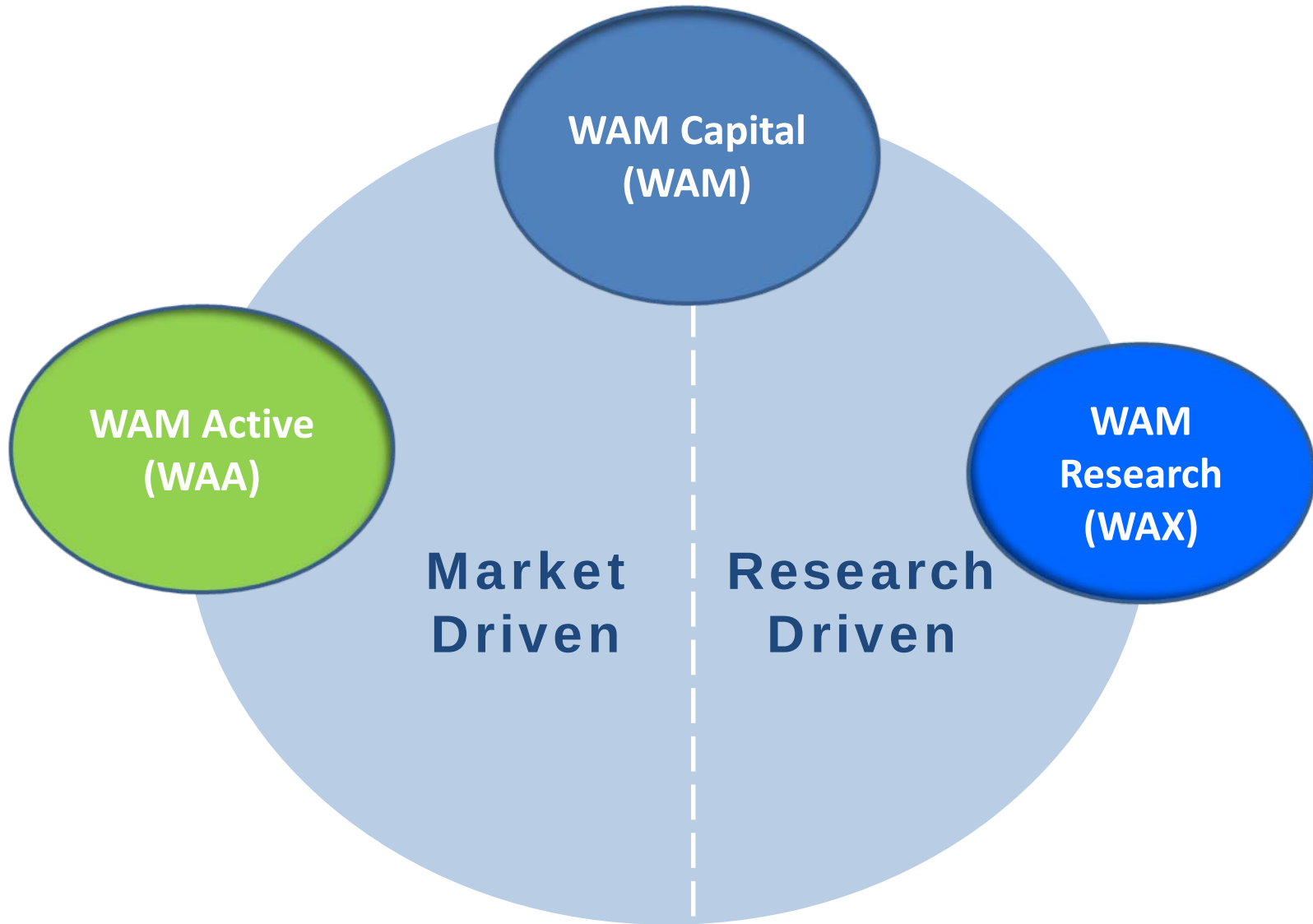
- initial public offerings
- placements
- block trades
- rights issues
- corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin-offs, restructurings)
- arbitrage opportunities
- LIC discount arbitrages or relative value arbitrages
- markets themes and trends

The portfolio is traded actively/high turnover

Business Model



Our Funds



Performance

Financial Year to Date to 30 April 2011

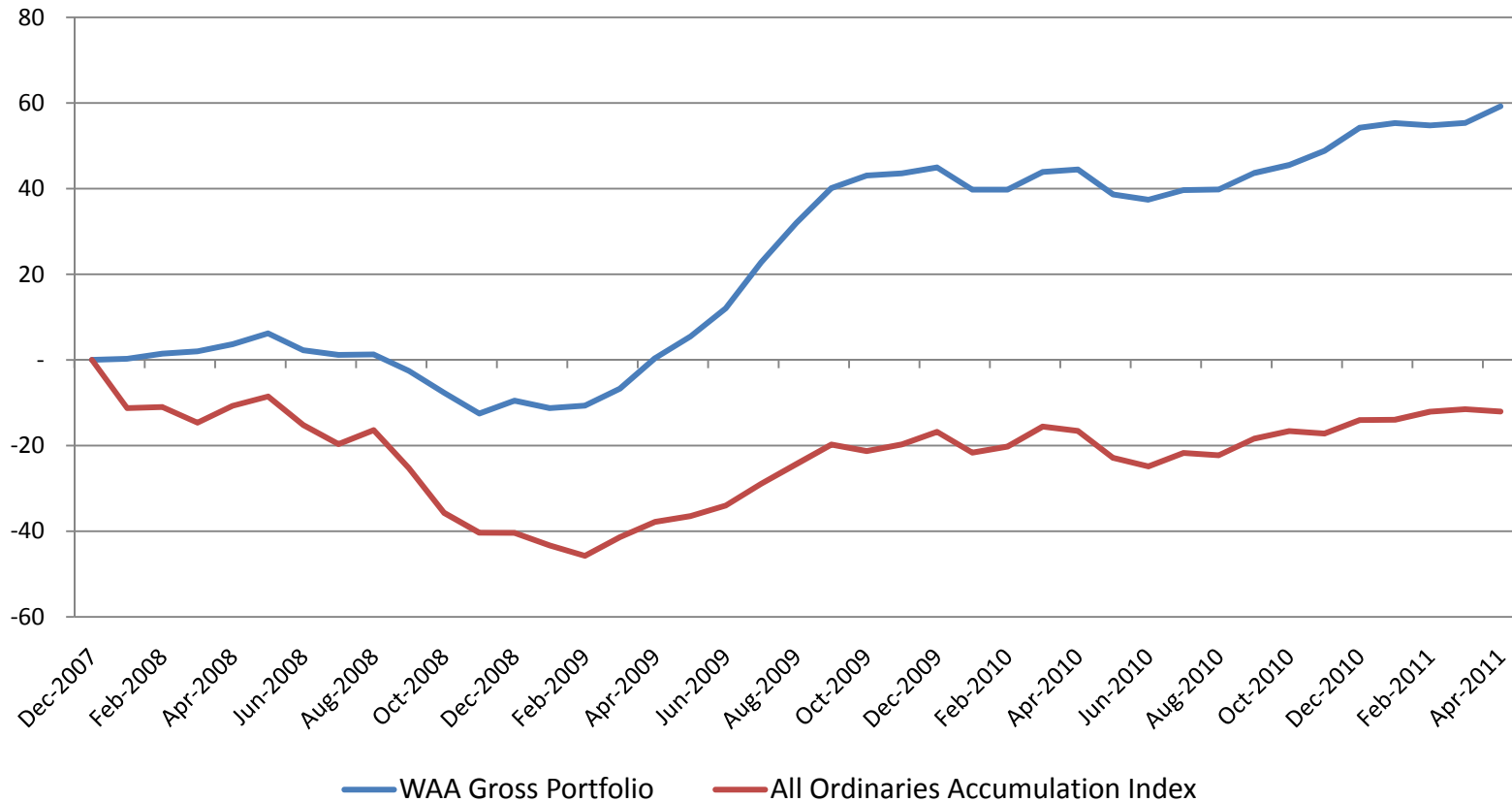


Gross Portfolio	15.9%
Pre-tax NTA per share growth plus dividends	6.8%
Share price growth plus dividends	15.4%

Performance since Inception



**WAA +15.0 % p.a. – outperformed by 18.8 % p.a.
over 3.25 years**



Top 10 Stocks

as at 17 May 2011



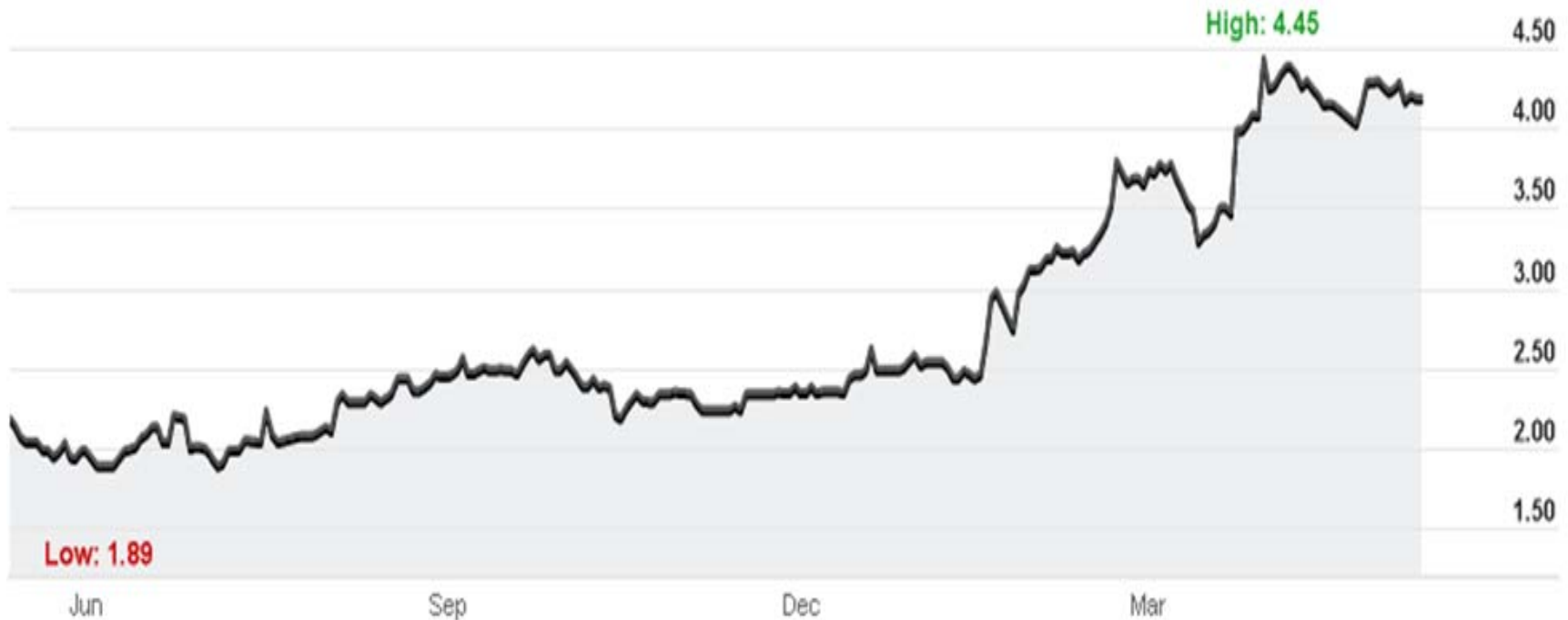
Company		% Gross Assets
SGI	Signature Capital Investments Ltd	5.2%
MSF	Maryborough Sugar Factory Ltd (The)	2.8%
TLS	Telstra Corporation Ltd	2.8%
AUN	Austar United Communications Ltd	2.7%
CCP	Credit Corp Group Ltd	2.6%
WTF	Wotif.com Holdings Ltd	1.7%
SPL	Starpharma Holdings Ltd	1.5%
CCQ	Contango Capital Partners Ltd	1.5%
SYM	Symex Holdings Ltd	1.4%
RHG	RHG Ltd	1.1%

Village Roadshow Ltd (VRL)



Long Trade

- Pricing environment more attractive
- Selling assets to pay down debt
- Corporate overhead restructure
- Capital management
- PE: 8x

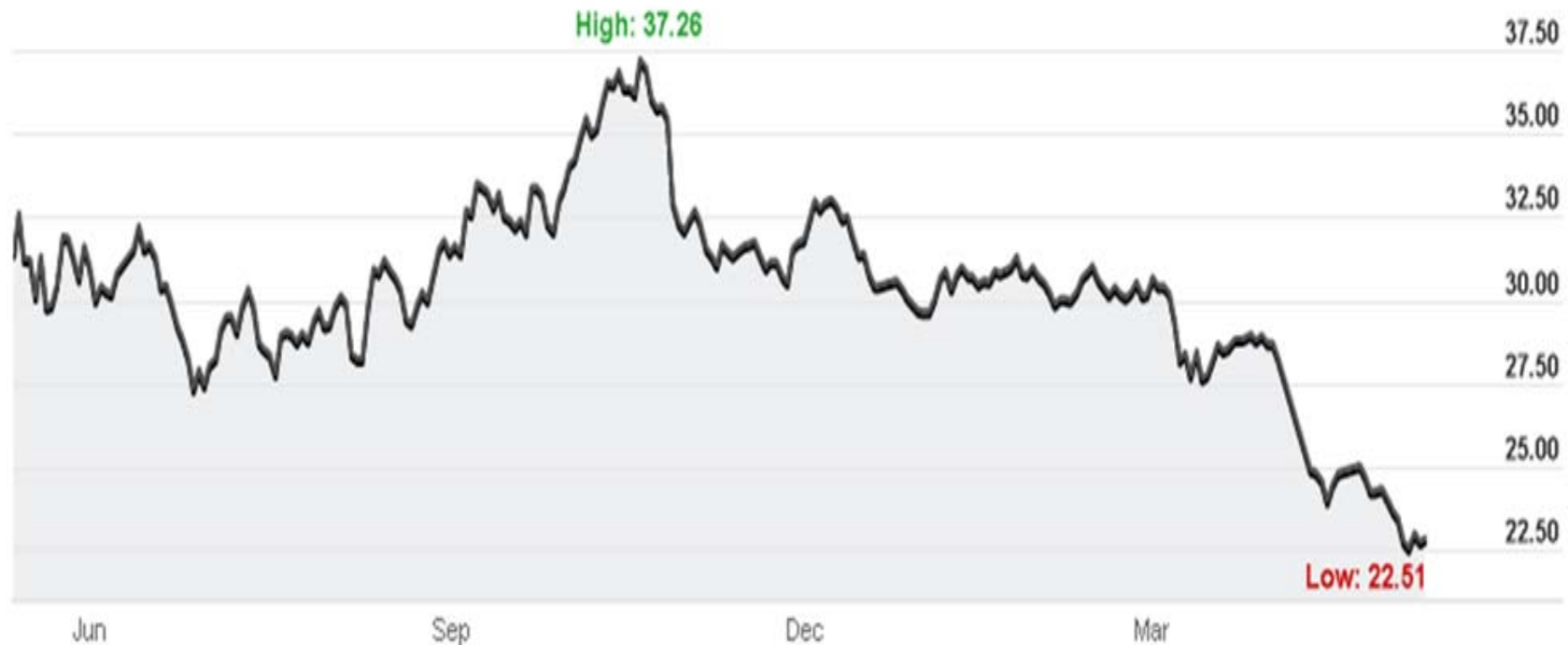


Leighton Holdings Ltd (LEI)



Short Sale

- Large profit downgrade, profit of \$480m to loss of \$427m
- 1 for 9 rights issue to raise \$757m
- Institutional bookbuild of rights, price of \$24.50
- Believed stock would be under pressure



RHG Ltd Update

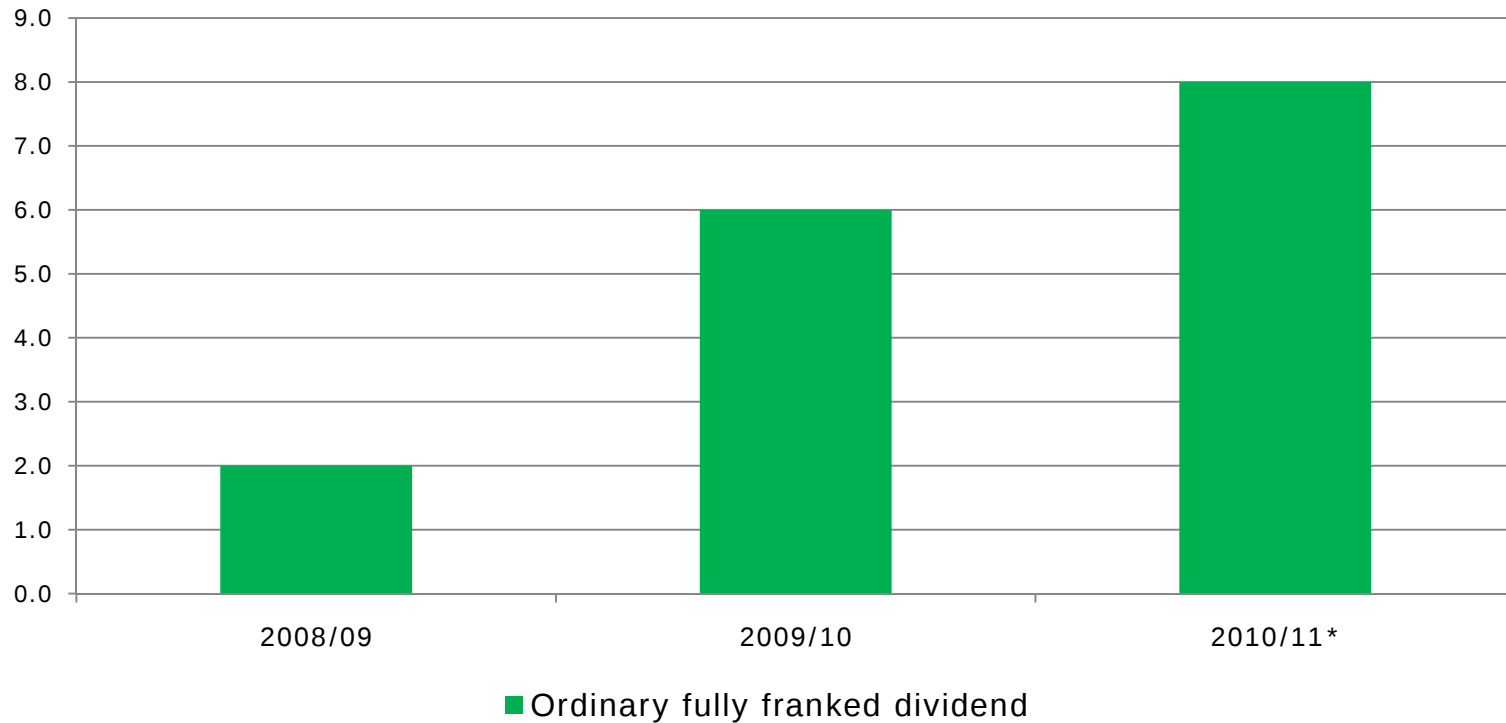


- We took action because we believed our capital was at risk
- RHG action was the exception and not the rule
- Our focus is to manage shareholders money
- We actively pursued a change of the Board to protect the value of our investment, to keep the company listed on the stock exchange and to make money for our shareholders
- As at 30 June 2011, we estimate \$0.40c of cash plus \$4 billion mortgage book in run-off. Mortgage book is valued at approximately \$0.20c a share
- Since our intervention, RHG has paid a 79c fully franked dividend and has announced it's intention to liquidate within 18 months
- We expect further fully franked dividends

Dividends



cents per share



* Annualised interim dividend

Dividends



- The Board is committed to paying an increasing stream of fully franked dividends
- Government reform in June 2010 has changed the way dividends are paid
- Dividends paid if the company is solvent
- WAM Active has franking credits of 8.3 cents per share as of 30 April 2011

Capital Management

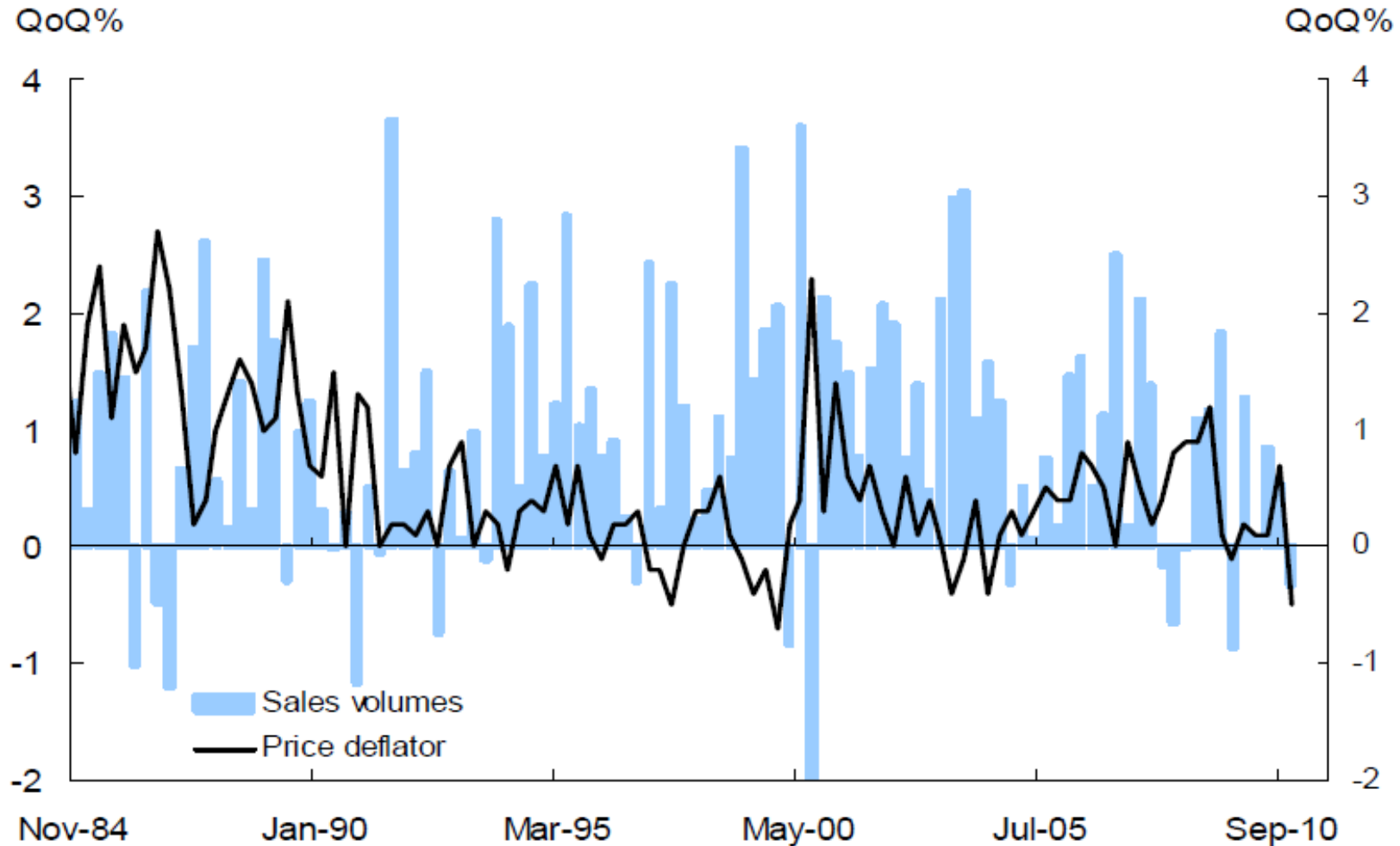


- Board's focus is to grow the market capitalisation to \$100m within 5 years continues
- 288,792 WAA options exercised since April 2010 for \$332,420
- The balance of WAA Options 15,200,427 lapsed 30 April 2011

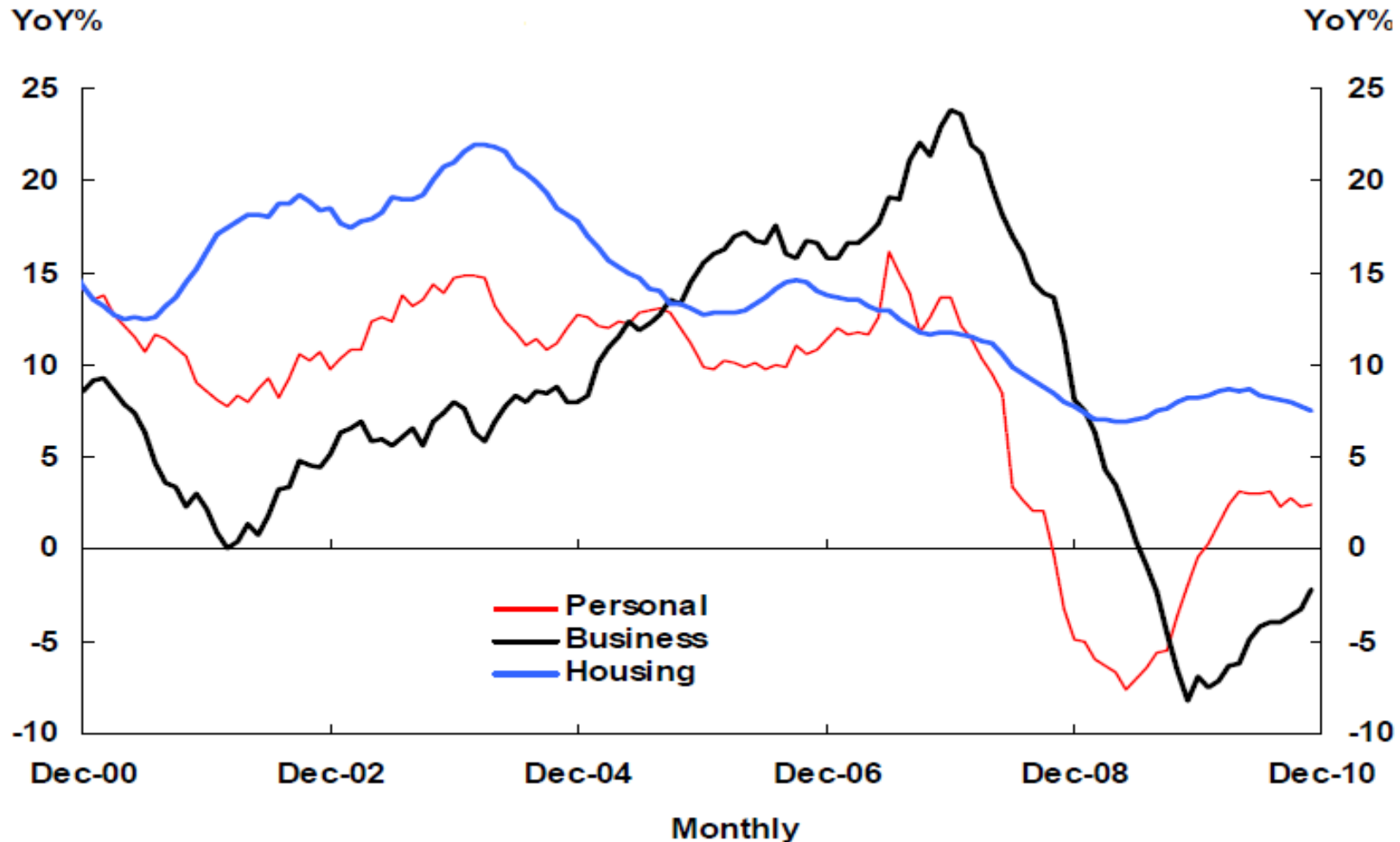


Market Outlook

Australian Retail Sales



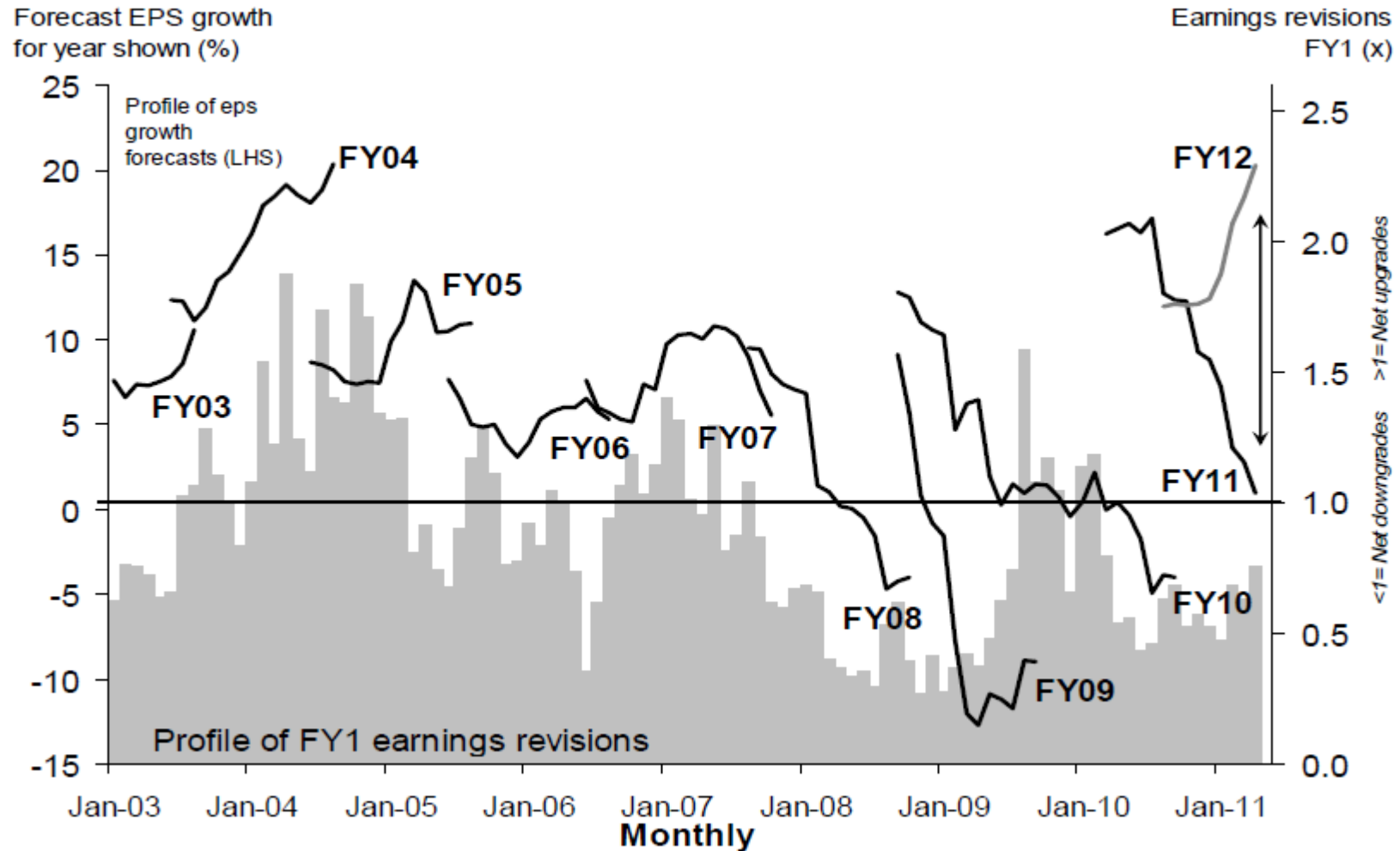
Private Sector Credit Growth



S&P / ASX 200 Performance



Analyst EPS Forecasts



Current Issues



- Australian Dollar
- Carbon Tax
- Interest Rates
- Australian Housing Market
- China

Shareholder Communications



- New Website – WAMFunds.com.au
- Media – Sky Business, Switzer, CNBC, Newspapers
- Research Reports – Bell Potter, Patersons & Independent Research Reports
- Audio casts – Monthly
- Subscribe for weekly emails
- Bi-annual presentations

WAM in the Community



Our people are passionate about the well-being of our customers and the wider community because helping others is part of our culture. As part of the WAM in the Community Program, we recently donated to the QLD Premier Disaster Relief Appeal.

We have also proudly supported other various initiatives as below.



THE CURRAN FOUNDATION

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