



WAM ACTIVE LIMITED
ABN 49 126 420 719
CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING

Delivered by Geoffrey Wilson at the Annual General Meeting of shareholders held at Lyceum Theatre, Wesley Centre, Sydney on Wednesday 28 November 2012.

Introduction

Good morning and welcome to the fifth Annual General Meeting of WAM Active Limited (WAM Active). My name is Geoff Wilson, I am the Chairman of the Board of Directors and I will be chairing the meeting today. Before I commence today's proceedings I would like to introduce my fellow board members– Matthew Kidman and John Abernethy and our Company Secretary Kate Thorley.

Also joining us to address questions regarding the Financial Statements is our audit partner from Moore Stephens, Scott Whiddett.

Financial Performance

The year to June 2012 was another difficult period for Australian and global equities. The European debt crisis cast a pall over international markets and dampened consumer and investor sentiment. The S&P/ASX All Ordinaries Accumulation Index fell for the third time in the past five years, however WAM Active produced another positive result for shareholders. As a company focused on absolute returns, we are pleased with the investment portfolio return of 5.5 per cent for the year to 30 June 2012.

WAM Active's operating profit before tax, for the year to 30 June 2012 was \$322,300. The operating profit after tax was \$394,535, including an income tax benefit from franking credits offsets of \$72,235. The result reflected a sound performance of the investment portfolio over the year.

WAM Active delivered performance in a number of metrics during the 2012 financial year. The company achieved a 2.1 per cent increase in after-tax net tangible assets, adjusted for dividends and WAM Active's share price, adjusted for dividends, rose 9.5 per cent representing a continued narrowing of the discount to net tangible assets.

The performance measures of WAM Active were achieved while being on average 47.5 per cent invested in equities during the year, with the balance of 52.5 per cent being held in cash and term deposits with Australia's major banks.

Since listing in January 2008, the company has preserved capital and generated positive investment portfolio returns of 11.3 per cent per annum, while the S&P/ASX All Ordinaries Accumulation Index has declined by 5.3 per cent per annum. This represents an outperformance of 16.6 per cent per annum.

Performance as at 30 June 2012	1 Yr %	2 Yrs %pa	3 Yrs %pa	Since Inception (Jan-08) %pa
WAM Active Investment Portfolio	+5.5%	+8.5%	+13.0%	+11.3%
S&P/ASX All Ordinaries Accumulation Index	-7.0%	+2.1%	+5.9%	-5.3%
Outperformance	+12.5%	+6.4%	+7.1%	+16.6%

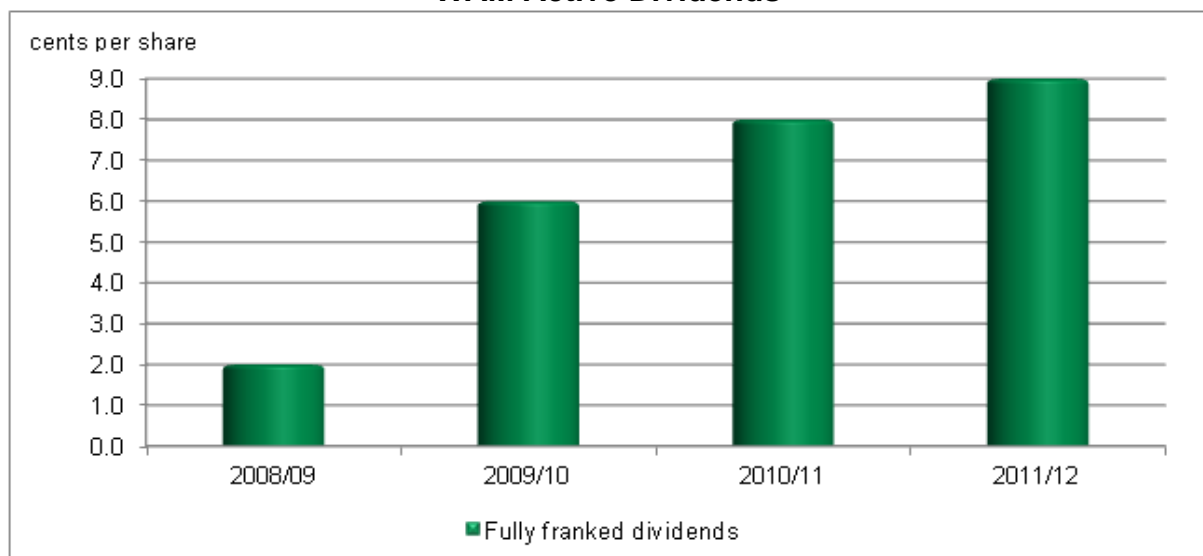
Dividend growth

The Board's policy of paying a growing stream of fully franked dividends was continued during the financial year with a 12.5 per cent increase in the full year dividend to 9.0 cents per share fully franked. This consisted of a fully franked 4.5 cents per share interim dividend and a fully franked 4.5 cents per share final dividend.

This represents an annualised fully franked dividend yield of 8.3 per cent based on the 27 November closing price of \$1.08.

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.

WAM Active Dividends



Growth

The Board continues its commitment to grow the Company's market capitalisation from its current levels to at least \$100 million over the coming years while continuing to generate strong investment results.

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, 19.9 per cent or 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.

Outlook

We believe that equity markets around the world will continue to be influenced by a decade of deleveraging. This deleveraging process will impact on companies and lead to a period of lower earnings growth compared to the previous periods. This low growth environment will mean that companies need to find other ways of growing their earnings. One way we believe they will achieve this is through acquisition. With interest rates at just 0.25 per cent above their GFC low it makes funding of takeovers attractive for acquirers. We expect to see a continuation of takeover activity in the coming year.

The current difficult operating environment has led to a number of earnings downgrades during the current AGM season. These earnings downgrades were not sector specific and were spread across the economic spectrum. This earnings volatility could provide opportunities in the coming 12 months.

Also certain industry sectors are starting to revert back to trading at discounts to their NTA that were last seen during the start of the GFC.

WAM Active has over a quarter of its assets in cash and therefore has the ability to take advantage of opportunities as they present themselves.

We continue to be confident that with the flexible investment approach and ability to take advantage of many varying trading situations, shareholders will continue to see positive returns in most market environments.

Appreciation

On behalf of the shareholders, Board and the staff at Wilson Asset Management, we would like to thank Ron Walker for his significant contribution to the Company. WAM Active has been tremendously fortunate to have one of Australia's leading businessmen on its Board. Ron's guidance and business acumen have been an invaluable asset to the company. We wish him well in all his future endeavours.

I would also like to thank the team at Wilson Asset Management for their considerable efforts and my fellow Board members for their valued contributions.

Finally, on behalf of the Board I extend my thanks to our loyal shareholders for their continuing support and also welcome those of you who are new WAM Active shareholders this year. The Board and the Wilson Asset Management team looks forward to meeting you and we hope to continue to deliver all shareholders positive returns and to grow fully franked dividends over time.