

WAM Active Limited (WAA)

Chairman's Address – Annual General Meeting
20 November 2013



Delivered by Geoffrey Wilson at the Annual General Meeting of shareholders held at Lyceum Theatre, Wesley Centre, Sydney on Wednesday 20 November 2013.

Introduction

Good Morning and welcome to the sixth 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. I would like to start by introducing my fellow Board members, Matthew Kidman and John Abernethy. I would also like to introduce our Company Secretary, Kate Thorley and our audit partner from Moore Stephens, Scott Whiddett, who will be available to address questions relating to the Company's Financial Statements.

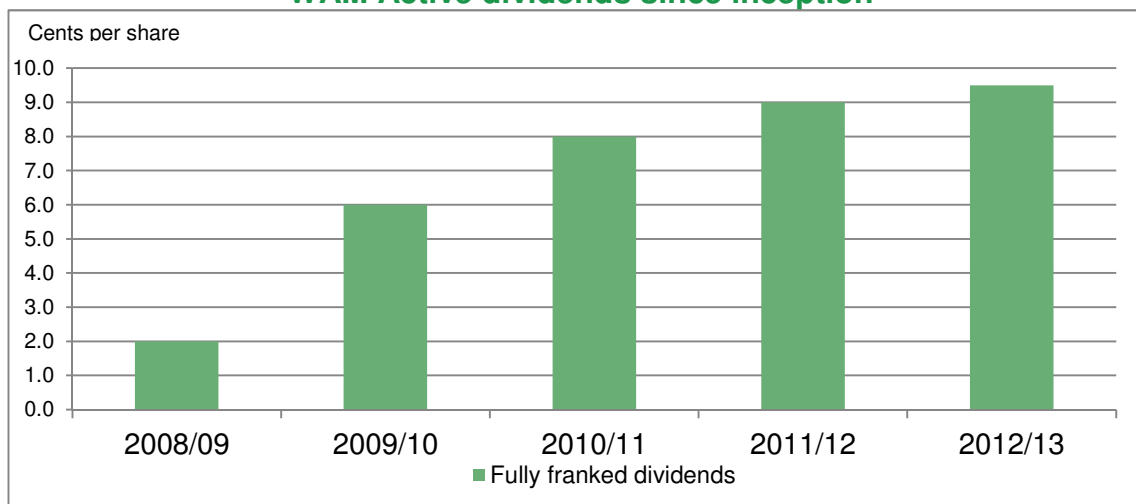
In the 2013 financial year WAM Active achieved a solid performance delivering a growing stream of fully franked dividends and preserving shareholders' capital. In the year to 30 June 2013, WAM Active's investment portfolio achieved a positive performance increasing 15.4% with an average equity exposure of 66.1%, while shareholders' equity grew 59.0% and the total shareholder return was 24.5%. Your Board remains focused on growing the Company's assets to \$100 million while maintaining performance and raising capital equitably.

Dividend growth

The Board is pleased to have delivered shareholders a fully franked full year dividend of 9.5 cents per share, an increase of 5.6% on the previous year, and representing an annualised fully franked dividend yield of 7.7% based on the 19 November 2013 closing price.

The ability to pay fully franked dividends remains an important distinction and significant benefit of WAM Active's Listed Investment Company (LIC) model. Your Board remains committed to its policy of paying an increasing stream of dividends to shareholders, providing the Company has sufficient profit reserves and franking credits and it is within prudent business practices.

WAM Active dividends since inception



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Strong FY2013 financial results

In August, the Company announced its full year results reporting an operating profit after tax of \$1.5 million, an increase of 280.0% on the 2012 financial year. The significant increase in the Company's profit result reflects the change in the value and size of the investment portfolio, in part due to the option issue. The strong risk-adjusted result demonstrates the success of the investment approach and reflects the abilities of our experienced investment team.

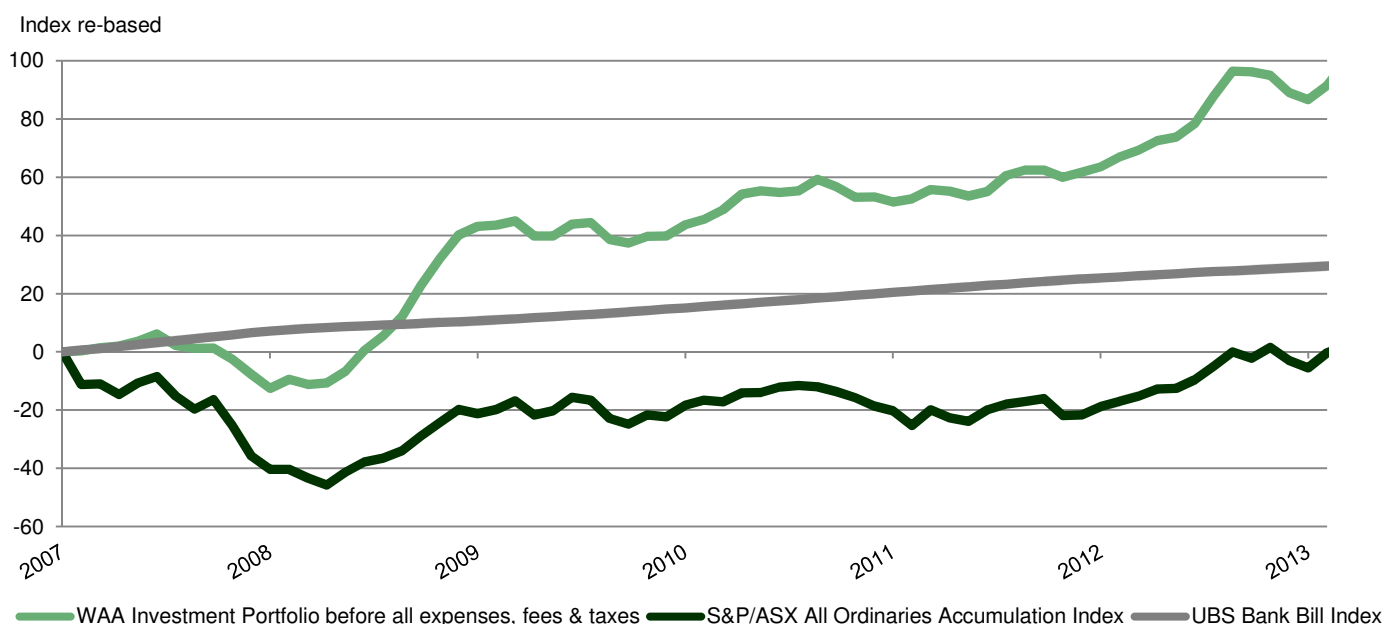
Positive performance of investment portfolio

Applying the Company's proven and disciplined investment approach, WAM Active's investment portfolio increased 15.4% for the 12 months to 30 June 2013 while maintaining an average cash weighting of 33.9%. The invested portion of the portfolio returned 21.4% while our cash returned 3.8%. During the year, the equity component of our investment portfolio turned over 4.9 times.

Since inception, WAM Active's investment portfolio has returned 12.0% per annum. While the investment portfolio is not benchmarked against an index, by comparison, over the same period the S&P/ASX All Ordinaries Accumulation Index has fallen 1.5% per annum and the UBS Bank Bill Index has returned 4.8% per annum.*

WAM Active's investment process has the significant advantage of a flexible mandate. This allows us to make investments only when we believe it will be beneficial to our shareholders. If we do not consider the market presents an opportunity, we do not invest and hold cash. This provides us with an important tool to effectively manage risk.

Positive Performance



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

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Capital management initiatives

Through a one-for-one bonus option issue, WAM Active has raised \$15.6 million to date with 88.7% of all of all options on issue exercised. The options have an exercise price of \$1.08 and can be exercised, in full or in part, at any time on or before 12 December 2013. The options are trading on the Australian Securities Exchange ('ASX') under the code WAAO and will cease trading on 5 December 2013.

The objectives of the option issue are to increase shareholder value by continuing to grow the Company's assets and increase the liquidity of WAM Active shares. The proceeds from the options issue have been, and will be, invested in accordance with WAM Active's disciplined investment process focused on delivering the highest possible return while taking the minimum amount of risk.

Targeting growth of WAM Active

One of the objectives of the Board of WAM Active is to grow the Company's net tangible assets and capital base. The Board aims to achieve this objective while maintaining the Company's strong performance track record.

The Board believes that increasing WAM Active's assets would provide investors with a number of benefits including a reduction in the Company's fixed administration expense ratio and increase the liquidity of WAM Active's shares. In addition, growing WAM Active's capital base will increase the Company's relevance in the market and improve the likelihood of research and broker coverage which attracts more investment, particularly from financial planners and advisers. Your Board is focused on growing WAM Active's assets to \$100 million.

This year, WAM Active's shareholders are being asked to considering a resolution to refresh the Company's 15% placement capacity following the DRP underwriting with Taylor Collison Limited. If approved, this resolution will allow the Board the flexibility to take advantage of opportunities, as they present themselves, to grow the Company.

Strength of the Listed Investment Company (LIC) model

WAM Active's LIC model has significant advantages for investors making it a superior investment vehicle to gain exposure to a diversified portfolio of Australian shares. The LIC structure allows the investment manager to make rational long-term investment decisions based on sound investment principles.

On 1 July this year, the Future of Financial Advice ('FOFA') Reforms came into effect requiring financial planners provide advice that is in "the best interests of the client" and preventing them from receiving trailing commissions offered by other managed funds. The FOFA reforms have 'levelled the playing field' for LICs and have had a positive impact on raising the awareness of LICs and the benefits of their structure. Since the introduction of FOFA we have seen a marked increase in the level of interest in WAM Active from financial planners and advisers.

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Current market conditions and outlook

In Australia and overseas, equity markets have performed strongly over the last 18 months. The S&P/ASX All Ordinaries Accumulation Index is now up more than 20.0% for the calendar year to date and up approximately 40.0% since the Index's low in June 2012. Last month, the All Ordinaries Accumulation Index rose 3.9%. Equity markets globally have been buoyed by unprecedented levels of government stimulus, including the American and Japanese Quantitative Easing ('QE') programs, coupled with low interest rates. Australia's primary capital market remains strong with numerous Initial Public Offerings ('IPOs') announced or completed in recent months.

Due to the continued strength of the capital markets, we are seeing the first signs of a deterioration in the quality and value of new issues. In calendar year 2014, we expect a pick-up in merger and acquisition (M&A) activity driven by low interest rates, strong company balance sheets, improved business confidence and tangible signs of an improvement in economic conditions.

WAM Active outlook

With a flexible mandate, a proven investment approach and no debt, WAM Active remains well positioned to capitalise on opportunities in the market as they arise. We continue to be the beneficiaries of the introduction of the FOFA reforms and have attracted new investors. In the last 12 months, across the LIC sector share price to NTA discounts have narrowed. We believe this reflects the increased market demand for LICs, including from financial planners and advisers.

We are confident that we can continue to find opportunities irrespective of market conditions. For the 2014 financial year to date, WAM Active's investment portfolio has performed strongly, up 15.9% while being on average 70.1% invested.

Appreciation

I would like to thank the team at Wilson Asset Management for their considerable efforts. Chief Executive Officer, Kate Thorley, has worked tirelessly together with her team, Mary-Ann Baldock, Linda Vo, Lillie Johnson and Meredith Hemsley, to contribute to WAM Active's successes this year and continually improve communication and engagement with our shareholders. Our Chief Investment Officer, Chris Stott, has led the investment team to deliver exceptional risk adjusted returns. Our investment team, Martin Hickson, Matthew Haupt and Mark Tobin, have continued to excel under Chris's guidance and leadership.

I would also like to thank my fellow Board members for their valued contributions during the year. I am greatly appreciative of the Board's efforts and guidance throughout the year.

Finally, on behalf of the Board and the Wilson Asset Management Group, I extend my thanks to our loyal shareholders for their continuing support. I would also like to welcome those of you who are new WAM Active shareholders this year.

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The Board and the team at Wilson Asset Management are looking forward to meeting with you and working hard to deliver all shareholders superior returns.

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