

Investment update

As at 30 September 2016



wilsonassetmanagement.com.au

ABN 49 126 420 719

Snapshot

Pre-tax net tangible assets

108.31C

Fully franked
dividend yield

4.2%

Gross assets

\$38.9m

Performance
(p.a. since January 2008)

13.1%

WAM Active Limited

ASX code	WAA
Listed	Jan 2008
Gross assets	\$38.9m
Market cap	\$41.5m
Share price (WAA)	\$1.18
Option price (WAAO)	\$0.05
NTA before tax	\$1.08
Shares on issue	35,202,146
Options on issue	34,899,931
Fully franked dividends (FY2016)	5.0c
Fully franked dividend yield	4.2%

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

Wilson Asset Management investment & management team

Geoff Wilson	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Martin Hickson	Senior Equity Analyst & Dealer
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Equity Analyst

Company overview

WAM Active Limited (ASX: WAA) is a listed investment company managed by Wilson Asset Management. Listed in January 2008, WAM Active provides investors with exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets.

Key dividend dates

Ex date	17 October 2016
Record date	18 October 2016
Last election date for DRP	20 October 2016
Payment date	28 October 2016

Invitations to our November 2016 shareholder presentations have been mailed to shareholders. Visit wilsonassetmanagement.com.au/RSVP

Market overview

For the month of September, the S&P/ASX All Ordinaries Accumulation Index closed up 0.4%, to finish the quarter up 5.3%. Australian retail sales data released beat market expectations, on the back of low interest rates and improved consumer confidence following the election. Despite this, many retailers are expecting a flat Christmas following the overall trend of weak sales growth. Globally, equity markets continued to focus on central bank announcements. The Bank of Japan shifted away from specific quantities of asset purchases and instead introduced a new policy of targeting the interest rate yield curve. The US Federal Reserve left interest rates unchanged as expected, while commentary pointed to a potential rate hike later in the year.

Stock news

September saw a return of merger and acquisition activity, which has largely been absent this calendar year. Two of our holdings announced agreed transactions. The board of SAI Global (ASX: SAI) recommended a deal with Baring Private Equity Asia at \$4.75 per share and NZME Limited (ASX: NZM) announced a merger agreement with Fairfax New Zealand Limited. This trend has continued into October with deals announced by Bradken (ASX: BKN), UGL (ASX: UGL) and Henderson Group (ASX: HGG).

Net tangible asset (NTA) figures

The following NTA figures are before the 2.5 cents per share fully franked final dividend due to be paid on 28 October 2016. The shares will trade ex dividend on 17 October 2016.

NTA before tax	108.31c
NTA after tax and before tax on unrealised gains	107.19c
NTA after tax	107.19c

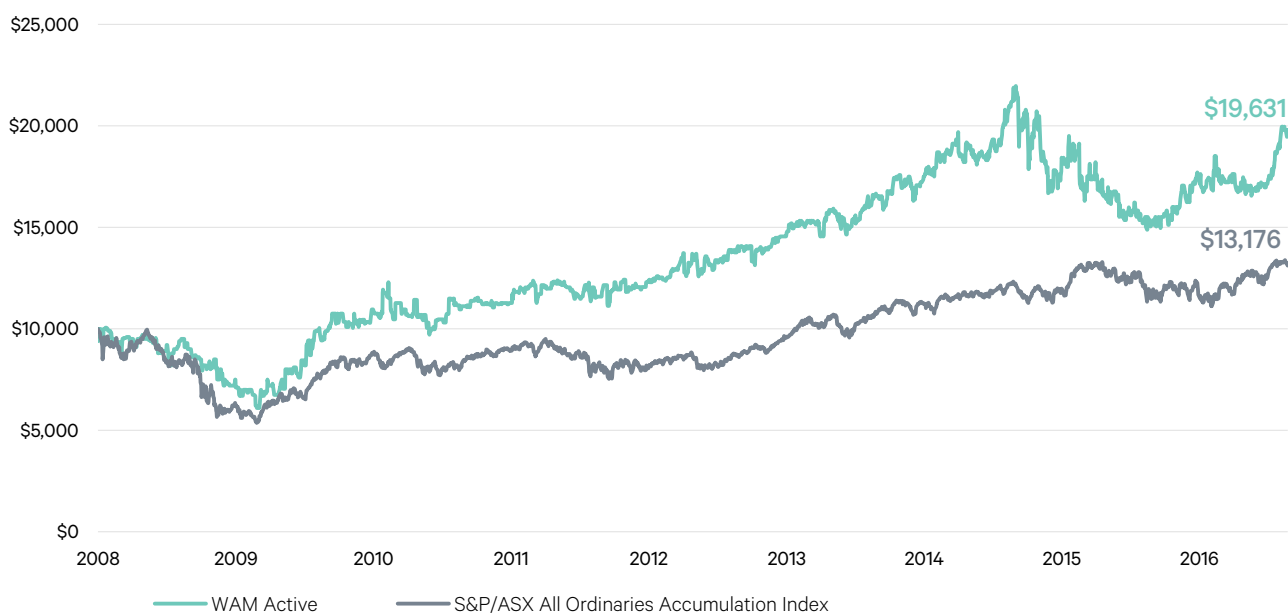
Performance

Performance at 30 September 2016	1 Mth	Fin YTD	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio*	1.4%	5.9%	10.8%	21.0%	12.1%	14.0%	13.1%
S&P/ASX All Ordinaries Accumulation Index	0.4%	5.3%	9.5%	14.0%	6.4%	11.0%	2.7%
Outperformance	+1.0%	+0.6%	+1.3%	+7.0%	+5.7%	+3.0%	+10.4%
UBS Bank Bill Index	0.1%	0.5%	1.0%	2.2%	2.4%	2.9%	3.9%
Outperformance	+1.3%	+5.4%	+9.8%	+18.8%	+9.7%	+11.1%	+9.2%

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

Growth of \$10,000 investment since inception

WAM Active versus the Index



One-for-one option issue

Last month the Company announced a one-for-one bonus option issue to all shareholders at no cost. Options entitle holders to purchase additional ordinary shares in WAM Active at the exercise price of \$1.14 at any time on or before 17 September 2018. The options began trading on the ASX under the code WAAO from 20 September 2016. The bonus option issue is an effective way to grow the Company and will deliver benefits to shareholders. As the Company's size increases, on-market liquidity for the shares is expected to increase. It will also increase the Company's relevance in the market, improve the prospect of broker and research coverage, and gain interest from financial planners.

Diversified portfolio

Investment type	August 2016		September 2016	
	\$m	%	\$m	%
Listed equities	29.5	77.0	27.5	70.7
Short portfolio	(0.1)	(0.3)	(0.4)	(1.1)
Fixed interest & cash	8.9	23.3	11.8	30.4
Gross assets	\$38.3m	100.0	\$38.9m	100.0
Total shares on issue	35,109,715		35,202,146	

Top 20 holdings

Code	Company	Market value as	
		Market value \$	% gross assets
HHV	Hunter Hall Global Value Limited	2,261,682	5.8%
CYA	Century Australia Investments Limited	1,561,574	4.0%
ALL	Aristocrat Leisure Limited	1,559,119	4.0%
ALQ	ALS Limited	1,204,450	3.1%
SAI	SAI Global Limited	1,020,391	2.6%
TGG	Templeton Global Growth Fund Limited	914,447	2.4%
DOW	Downer EDI Limited	827,780	2.1%
CWY	Cleanaway Waste Management Limited	813,456	2.1%
ILU	Iluka Resources Limited	791,180	2.0%
GWA	GWA Group Limited	771,465	2.0%
S32	South32 Limited	756,861	1.9%
IMD	Imdex Limited	738,682	1.9%
PMV	Premier Investments Limited	707,969	1.8%
SXL	Southern Cross Media Group Limited	651,830	1.7%
AFY	Afterpay Holdings Limited	607,698	1.6%
AUB	AUB Group Limited	584,959	1.5%
WIC	Westoz Investment Company Limited	569,627	1.5%
NWH	NRW Holdings Limited	567,415	1.5%
MVP	Medical Developments International Limited	528,494	1.4%
AGF	AMP Capital China Growth Fund	511,703	1.3%

Fully franked dividends

On 11 August 2016, the Company announced a fully franked final dividend of 2.5 cents per share, to be paid on 28 October 2016. The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the final dividend. To participate in the DRP, shareholders should send their DRP Election Form to the Company's share registrar (Boardroom) no later than 20 October 2016. Dividends are usually paid on a six-monthly basis, 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.

Fully franked dividends since inception

