

# Investment Update & Net Tangible Assets Report

AS AT 31 AUGUST 2014



## Performance

Performance at 31 August 2014	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio*	0.8%	4.5%	3.0%	14.8%	14.9%	11.7%	13.3%
S&P/ASX All Ordinaries Accumulation Index	0.7%	6.0%	5.2%	14.4%	13.6%	9.1%	2.4%
<b>Outperformance</b>	<b>+0.1%</b>	<b>-1.5%</b>	<b>-2.2%</b>	<b>+0.4%</b>	<b>+1.3%</b>	<b>+2.6%</b>	<b>+10.9%</b>
UBS Bank Bill Index	0.2%	1.3%	0.5%	2.7%	3.4%	3.9%	4.4%
<b>Outperformance</b>	<b>+0.6%</b>	<b>+3.2%</b>	<b>+2.5%</b>	<b>+12.1%</b>	<b>+11.5%</b>	<b>+7.8%</b>	<b>+8.9%</b>

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

## Net Tangible Assets (NTA) figures

NTA before tax	<b>108.31c</b>
NTA after tax and before tax on unrealised gains	<b>107.76c</b>
NTA after tax	<b>107.71c</b>

## Market overview

The strong start to the new financial year continued throughout August with the S&P/ASX All Ordinaries Accumulation Index rising 0.7% for the month after the local sharemarket reached a six year high mid-month.

In the US, the S&P 500 Index reached another record high, inching above 2000 points for the first time in history. Since its most recent low of 666 points in March 2009, the US market is now up 200% in the last five and a half years. US Federal Reserve Chair Janet Yellen made an economic address at Jackson Hole during the month, giving little indication as to the direction of short term US interest rates. Investor sentiment suggests interest rate tightening will commence in early 2015.

Locally, August was dominated by annual company reporting season with results broadly in line with our low expectations. Many companies have concluded lengthy cost-cutting programs and while we typically expect to see a return to strong revenue growth at this point in the market cycle, this is yet to materialise. We remain cautious in our short term view of the Australian equity market. While consumer spending and business confidence remain subdued, we expect historically low interest rates to stimulate economic activity over the medium to longer term.

### WAM Active Limited

ASX Code	<b>WAA</b>
Listed	<b>Jan 2008</b>
Gross assets	<b>\$37.5m</b>
Market cap	<b>\$49.6m</b>
Share price	<b>\$1.445</b>
NTA before tax	<b>\$1.08</b>
Shares on issue	<b>34,316,532</b>
Fully franked annualised interim dividend (FY2014)	<b>9.6c</b>
Dividend yield	<b>6.6%</b>

### 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

**Judith Buchan**  
Head of Corporate Affairs

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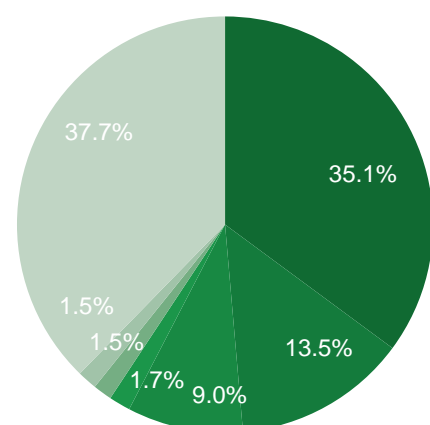
## Diversified portfolio

Investment Type	July 2014		August 2014	
	\$m	%	\$m	%
Listed Equities	28.8	74.7	23.4	62.3
Fixed Interest & Cash	9.7	25.3	14.1	37.7
Long Portfolio	38.5	100.0%	37.5	100.0%
Short Portfolio	(0.0)	(0.0)	(0.0)	(0.0)
Gross Assets	\$38.5m		\$37.5m	
Total shares on issue	34,316,532		34,316,532	

## Top holdings

Code	Company	Market Value as % Gross Assets
CYA	Century Australia Investments Limited	4.5%
HHV	Hunter Hall Global Value Limited	3.9%
CBAPA	CBA Perpetual Exc Resale Listed Sec - PERLS V	3.8%
MQA	Macquarie Atlas Roads Group	3.6%
HIL	Hills Limited	2.8%
IPE	IPE Limited	2.7%
GMA	Genworth Mortgage Insurance Australia Limited	2.7%
MYR	Myer Holdings Limited	2.7%
WIC	Westoz Investment Company Limited	2.4%
HVN	Harvey Norman Holdings Limited	2.2%
SVW	Seven Group Holdings Limited	2.2%
CYG	Coventry Group Limited	2.2%
IBC	Ironbark Capital Limited	2.0%
WBCPB	WBC Stapled Preferred Security II	1.7%
SDG	Sunland Group Limited	1.6%
HFA	HFA Holdings Limited	1.6%
SDA	Speedcast International Limited	1.5%
CTN	Contango Microcap Limited	1.5%
TWE	Treasury Wine Estates Limited	1.5%
AOG	Aveo Group	1.3%

## Sector allocation



- Financials 35.1%
- Industrials 13.5%
- Consumer Discretionary 9.0%
- Materials 1.7%
- Consumer Staples 1.5%
- Telecommunication Services 1.5%
- Cash and Fixed Interest 37.7%

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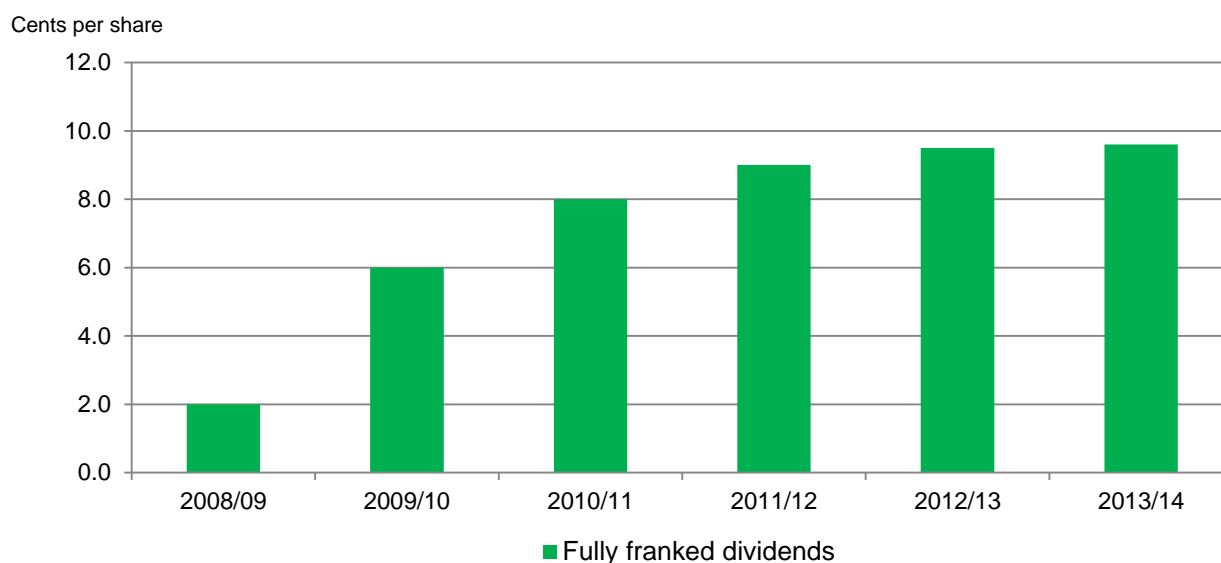
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## Dividend growth

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 5 August 2014, the Company announced 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.

The dividend reinvestment plan (DRP) will operate at a 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 16 October 2014.

## Key dividend dates

Ex date:	13 October 2014
Record date:	15 October 2014
Last election date for DRP:	16 October 2014
Payment date:	24 October 2014