

WAM Active Limited (WAA)

ASX Announcement/Media Release

26 February 2015



WAM Active portfolio up 7.2%, 4.0 cents per share Return of Capital

Highlights

- Investment portfolio increased 7.2% for the 12 months to 31 December 2014, outperforming the market by 2.2%
- 4.0 cents per share Return of Capital

WAM Active Limited (ASX: WAA) ('WAM Active' or the 'Company') announces operating profit after tax of \$0.1 million (2013: \$2.1 million) for the half year to 31 December 2014. The operating profit is a reflection of the rate of change in the value of the portfolio over the period. The portfolio increased 1.2% in the six months to December 2014 after rising 12.7% in the 2013 period. The investment portfolio rose 7.2% for the 12 months to 31 December 2014.

As at 31 December 2014, the Company's net assets were less than issued capital. The Directors recognise investors have cash flow needs and have therefore declared a 4.0 cents per share Return of Capital, subject to shareholder approval.

WAM Active Chairman Geoff Wilson said: "The Directors recognise the need for cash flow amongst the shareholder base and have therefore decided pay a 4.0 cents per share capital return. This capital management initiative demonstrates WAM Active's commitment to providing cash flow to shareholders."

This payment is subject to shareholder approval at the Extraordinary General Meeting (EGM) to be held on 19 May 2015. If approved, the Return of Capital will be paid to shareholders on 1 June 2015 with the shares trading ex return of capital on 21 May 2015.

Investment performance

Performance at 31 December 2014	6 mths	1 Yr	3 Yrs %pa	5 Yrs %pa	Since inception %pa (Jan-08)
WAA Investment Portfolio*	1.2%	7.2%	13.7%	9.2%	12.3%
S&P/ASX All Ordinaries Accumulation Index	2.3%	5.0%	14.3%	6.4%	1.9%
Outperformance	-1.1%	+2.2%	-0.6%	+2.8%	+10.4%
UBS Bank Bill Index (Cash)	1.4%	2.7%	3.2%	3.8%	4.3%
Outperformance	-0.2%	+4.5%	+10.5%	+5.4%	+8.0%

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

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Capital Management – Return of Capital

As at 31 December 2014, the Company's net assets were less than issued capital. The Directors recognise investors have cash flow needs and therefore have declared a 4.0 cents per share Return of Capital, subject to shareholder approval at an EGM to be held on 19 May 2015.

Key Return of Capital dates

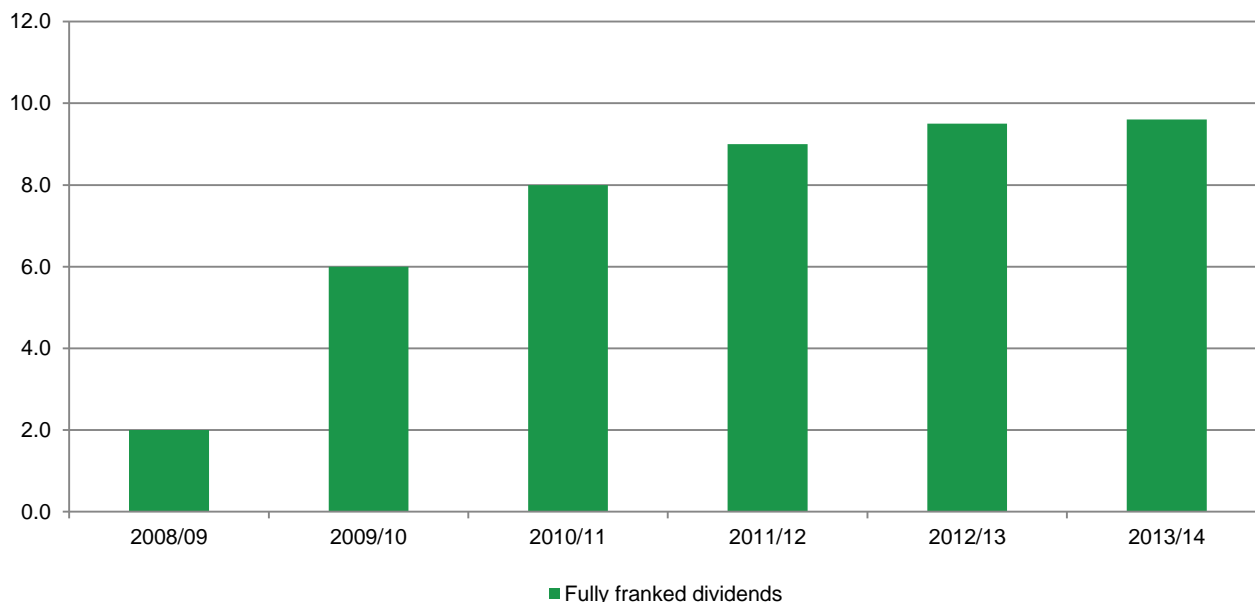
EGM to approve Return of Capital:	19 May 2015
Ex date (subject to shareholder approval):	21 May 2015
Record date (subject to shareholder approval):	25 May 2015
Payment date (subject to shareholder approval):	1 June 2015

Dividends

The Board has not declared an interim dividend for the half year to 31 December 2014. While the Board is committed to paying an increasing stream of fully franked dividends to shareholders, this is dependent on the Company having sufficient profit reserves and the payment being within prudent business practices. When a dividend is declared, it is usually paid on a six-monthly basis.

WAM Active dividends since inception

Cents per share



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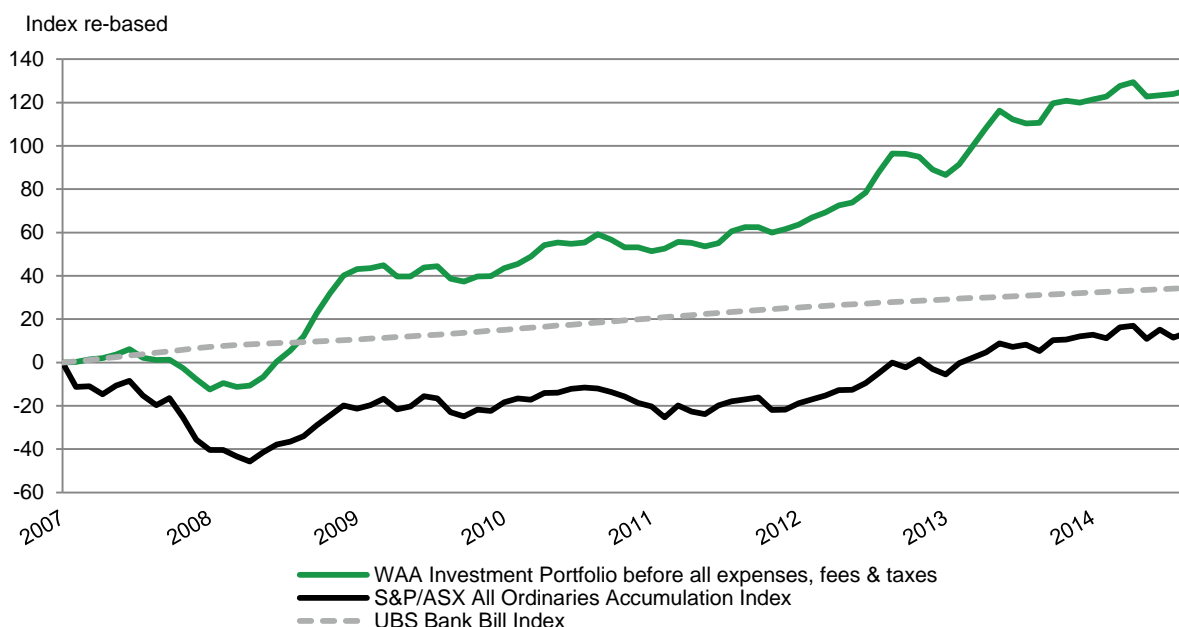


Investment portfolio performance

WAM Active's investment portfolio rose 7.2% for the 12 months to 31 December 2014 and returned 1.2% for the six months to 31 December 2014. The portfolio's top performing stocks were: Amcom Telecommunications Limited (ASX: AMM), Hunter Hall Global Value Limited (ASX: HHV) and Harvey Norman Holdings Limited (ASX: HVN).

Chief Investment Officer, Chris Stott said the Company maintained an average equity weighting of 53.4% and an average cash weighting of 46.6% throughout the six month period.

"The risk-adjusted result is acceptable, given the volatility in equity markets and it underscores the success of our rigorous investment process. With a current cash weighting of 49.8% (31 Jan 2015), the investment portfolio is well positioned to take advantage of investment opportunities as they present themselves."



Equity market outlook

Equity markets had a subdued performance in 2014 with the S&P/ASX All Ordinaries Accumulation Index rising 5.0%. After a good start to the calendar year, the sharemarket pulled back in September and October on renewed fears around global growth. Uncertainty around Chinese growth, turmoil in Europe's economy and the plunge in the oil price resulted in heightened volatility throughout the year.

The Australian Dollar continued its decline against the US Dollar in the second half of the calendar year to finish at 81.8 cents – its lowest level since June 2010 – falling 13 cents against the greenback since its highs of July 2014. Overseas, the US economy continued to perform strongly, helping the Dow Jones Industrial Average Index over 18,000 for the first time in history.

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Looking forward into 2015, the recent cut in domestic interest rates has boosted valuations. Globally, low interest rates are driving international markets to record levels. We believe further interest rate cuts will be forthcoming in Australia on the back of weaker inflation data and the higher unemployment rate. This, together with the lower exchange rate and lower oil prices should provide a stimulus to economic activity in the second half of 2015. We expect that the market for IPOs will stay strong for the next six months along with a heightened level of M&A activity with corporate balance sheets in great shape.

Company outlook

With a cash weighting of 49.8% as at 31 January 2015, no debt and a flexible and proven investment approach, WAM Active is well positioned to capitalise on opportunities in the market as they arise. The investment team are confident current market conditions will provide opportunities to deploy a range of active investment strategies including takeover arbitrage, initial public offerings and placements.

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Top holdings (as at 31 December 2014)

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	1,810,216	5.1%
CYA	Century Australia Investments Limited	1,696,348	4.8%
MPL	Medibank Private Limited	807,709	2.3%
WIC	Westoz Investment Company Limited	775,592	2.2%
IBC	Ironbark Capital Limited	757,953	2.1%
MMS	McMillan Shakespeare Limited	744,616	2.1%
JBH	JB Hi-Fi Limited	735,514	2.1%
IFL	IOOF Holdings Limited	731,500	2.1%
IPE	IPE Limited	726,983	2.1%
AMM	Amcom Telecommunications Limited	723,344	2.0%
ALL	Aristocrat Leisure Limited	713,977	2.0%
SDG	Sunland Group Limited	555,378	1.6%
HIL	Hills Limited	515,471	1.5%
SDA	SpeedCast International Limited	458,324	1.3%
MNY	Money3 Corporation Limited	446,235	1.3%
REC	Recall Holdings Limited	440,459	1.2%
CYG	Coventry Group Limited	430,968	1.2%
GJT	Galileo Japan Trust	393,476	1.1%
QAN	Qantas Airways Limited	346,680	1.0%
KBC	Keybridge Capital Limited	338,407	1.0%

--Ends--

About WAM Active

WAM Active Limited (ASX: WAA) is a Listed Investment Company managed by MAM Pty Limited. 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. WAA's investment objectives are to: deliver a regular income stream via fully franked dividends; provide a positive return with low volatility, after fees, over most periods of time; and to preserve capital.

For more information visit www.wamfunds.com.au

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