

WAM Active Limited (WAA)

ASX Announcement/Media Release

11 August 2016



Profit up 365% to \$4.2 million and fully franked full year dividend of 5.0 cents

- Operating profit before tax up 365% to \$4.2 million
- Investment portfolio increased 18%, outperforming by 16%
- Total shareholder return of 10%
- Fully franked full year dividend of 5.0 cents per share
- One-for-one bonus option issue

WAM Active Limited (ASX: WAA) today announces a 365% increase in operating profit before tax to \$4.2 million (2015: \$896,077) and a 250% increase in operating profit after tax to \$3.1 million (2015: \$897,681) for the year to 30 June 2016.

The increased profit is a result of the investment portfolio increasing 18% in the 12 months to 30 June 2016, outperforming the S&P/ASX All Ordinaries Accumulation Index by 16%.

WAM Active Chairman Geoff Wilson said the strong outperformance was an outstanding result for shareholders.

“The strong positive performance of 18% was achieved while being invested on average 70% during the year. This points to the success of our actively managed absolute return trading strategy, which saw the equity portion of the investment portfolio turn over five times for the year,” he said.

“The top performing stocks for the year were Blackmores Limited (ASX: BKL), Hunter Hall Global Value Limited (ASX: HHV), Medical Developments International Limited (ASX: MVP), SG Fleet Group Limited (ASX: SGF) and Galileo Japan Trust (ASX: GJT),” Mr Wilson said.

The Board announces a fully franked final dividend of 2.5 cents per share, bringing the full year fully franked dividend to 5.0 cents per share. The full year dividend represents an annualised fully franked dividend yield of 4.4% (based on closing price as at Wednesday, 10 August 2016). Shareholders will also receive a one-for-one bonus option issue.

Performance at 30 June 2016	1 Yr	3 Yrs %pa	5 Yrs %pa	7 Yrs %pa	Since inception %pa (Jan-08)
WAA Investment Portfolio*	18.0%	14.1%	12.6%	13.8%	12.8%
S&P/ASX All Ordinaries Accumulation Index	2.0%	8.2%	7.3%	8.9%	2.2%
Outperformance	+16.0%	+5.9%	+5.3%	+4.9%	+10.6%
UBS Bank Bill Index (Cash)	2.2%	2.5%	3.1%	3.5%	4.0%
Outperformance	+15.8%	+11.6%	+9.5%	+10.3%	+8.8%

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

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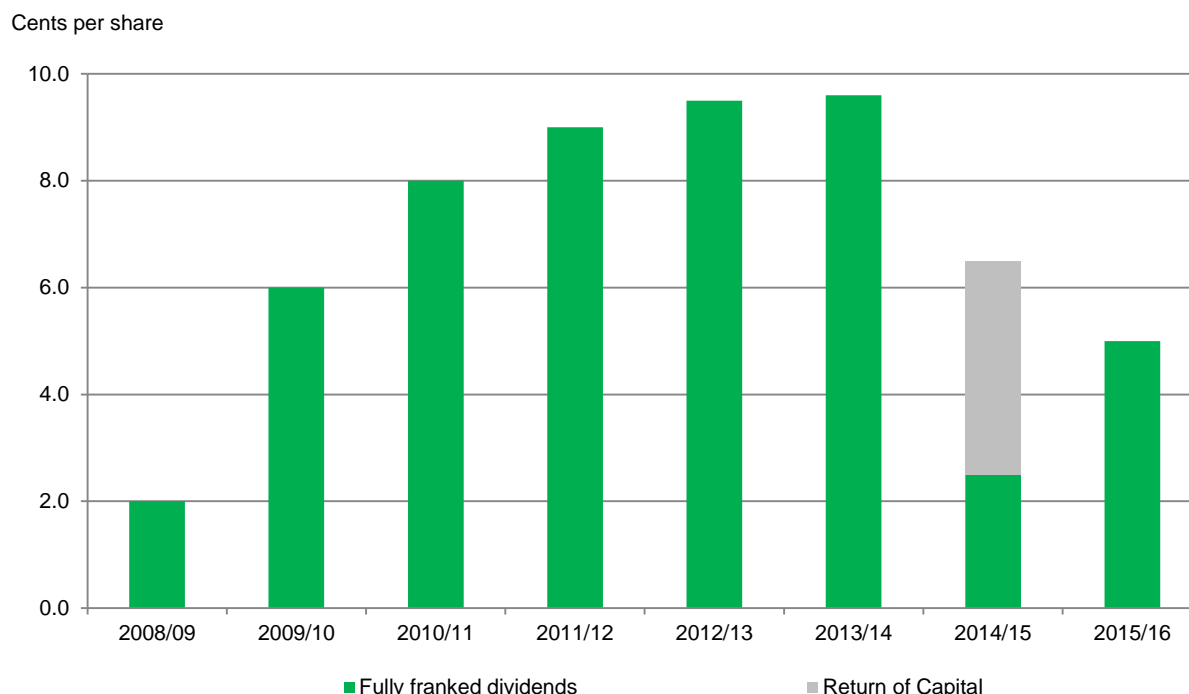


Fully franked final dividend of 2.5 cents

The Board is pleased to announce a fully franked final dividend of 2.5 cents per share. This brings the full year fully franked dividend to 5.0 cents. The Company will pay the final dividend to shareholders on 28 October 2016 and the shares will trade ex dividend on 17 October 2016. The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the final dividend. The last election date for the DRP will be 20 October 2016.

The Board is committed to paying an increasing stream of fully franked dividends, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices.

WAM Active's dividends since inception



Bonus option issue

The Board of WAM Active today announces 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 before they expire on 17 September 2018. The options will trade on the ASX under the code WAAO from 20 September 2016. We will send a prospectus for the bonus option issue to shareholders on 20 September 2016. WAM Active shares will trade ex-bonus entitlement on 15 September 2016. The record date to determine entitlements under the bonus option issue will be 16 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.

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Equity market performance and outlook

Chief Investment Officer Chris Stott said the equity market outlook for 2017 financial year was mixed.

“Initial political uncertainty following the recent federal election eased after the Coalition claimed the requisite majority in the lower house to form government. While the uncertainty impacted consumer and business confidence in the short term, the impact has been modest and consumer sentiment is forecast to improve in the coming months,” Mr Stott said.

“The low interest rate environment we are currently experiencing is a positive for the economy, in particular the housing market and retail sectors. Record low interest rates will be conducive to higher levels of economic activity, which is supportive of company earnings growth. The upcoming reporting season will be a good time to assess the prospects of our investee companies where revenue growth levels will be monitored closely.

“Low interest rates could also see an increase in mergers and acquisitions (M&A) activity. Recent transactions in the market and significant earnings accretion are an indication that M&A prospects remain elevated while the IPO pipeline remains healthy. We expect volatility to remain above average, which will present opportunities given the style and nature of the fund, which historically has turned over four times a year. While we remain cautious, we are well positioned to take advantage of trading opportunities as they emerge,” Mr Stott said.

Top holdings (as at 30 June 2016)

Code	Company	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	7.7%
CYA	Century Australia Investments Limited	4.0%
APN	APN News & Media Limited	3.3%
AGF	AMP Capital China Growth Fund	2.8%
MVP	Medical Developments International Limited	2.5%
ADA	Adacel Technologies Limited	2.2%
TGG	Templeton Global Growth Fund Limited	2.1%
IFN	Infigen Energy Limited	1.9%
MQA	Macquarie Atlas Roads Group	1.8%
SXE	Southern Cross Electrical Engineering Limited	1.5%
MYX	Mayne Pharma Group Limited	1.4%
AJA	Astro Japan Property Group Limited	1.4%
WIC	Westoz Investment Company Limited	1.4%
TCH	Touchcorp Limited	1.4%
WPP	WPP AUNZ Limited	1.4%
AUB	AUB Group Limited	1.3%
GXL	Greencross Limited	1.3%
AFY	Afterpay Holdings Limited	1.1%
IPE	IPE Limited	1.1%
APZ	Aspen Group Limited	0.9%

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Advocating for retail shareholders

Wilson Asset Management continues to engage in public policy discussions and advocate on behalf of all shareholders regarding issues of importance. We recently made a submission to the Australian Securities Exchange (ASX) in response to proposed changes to its admission requirements for listed entities. Proposed changes set out in the ASX's public consultation paper, included amendments to the listing rules that whereby only shareholders with at least \$5,000 of shares (up from \$2,000) would be counted towards the 'spread test' admission requirement. We recommended the ASX retain the current \$2,000 minimum threshold as, in our view, initial public offerings (IPOs) with a minimum subscription amount of \$5,000 would deter retail investors and act as a barrier to entering the share market. Our submission also made recommendations relating to proposed changes to the market capitalisation assets test and the planned introduction of a formal free float test. Over coming months we will monitor the ASX's public consultation process regarding the proposed changes and engage in the public debate.

About WAM Active

WAM Active Limited (ASX: WAA), a listed investment company (LIC), has an investment management agreement with 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. WAM Active'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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