



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
JANUARY 2013

Company overview

WAM Active Limited (WAA) is a listed investment company that provides investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets.

Investment objective

The investment objectives are to deliver investors a growing income stream in the form of fully franked dividends and to preserve capital.

Positive returns

Since inception, the WAA investment portfolio has delivered positive returns in the short and long term. The performance against the S&P/ASX All Ordinaries Accumulation Index is set out in the table below. The investment performance is before expenses, fees and taxes.

Performance as at 31 January 2013	1 Mth %	6 Mths %	Fin YTD %	1 Year %	2 Yrs %pa	3 Yrs %pa	Since Inception (Jan-08) %pa
WAA Investment Portfolio	+5.3%	+14.9%	+16.2%	+21.1%	+10.0%	+10.4%	+13.2%
S&P/ASX All Ordinaries Accumulation Index	+5.1%	+17.0%	+21.4%	+18.7%	+5.1%	+6.7%	-1.0%
Outperformance	+0.2%	-2.1%	-5.2%	+2.4%	+4.9%	+3.7%	+14.2%

Net Tangible Asset (NTA) figures

The following NTA figures are after the payment of a fully franked final dividend of 4.5 cents per share paid on the 19 October 2012. The figures below have not been adjusted for the 12,594,984 remaining options on issue with an exercise price of \$1.08 per share.

NTA before tax	113.74c
NTA after tax and before tax on unrealised gains	115.02c*
NTA after tax	111.05c**

* Includes tax assets of 1.28 cents per share.

** Includes the net effect of 1.28 cents of tax assets and 3.97 cents of deferred tax liabilities.

Market outlook

Birth of a bull?

The ASX/S&P All Ordinaries Accumulation Index finished up 5.1% for January, continuing its strong run that started in June last year. Evidence is emerging that investors are beginning to move back into the equity market. As term deposits are rolled over at lower rates, this may prove an impetus to retail investors to reallocate money back into equities. Improving global macroeconomic news from the US, China and Europe also helped to underpin investor confidence for the year ahead.

Half way there

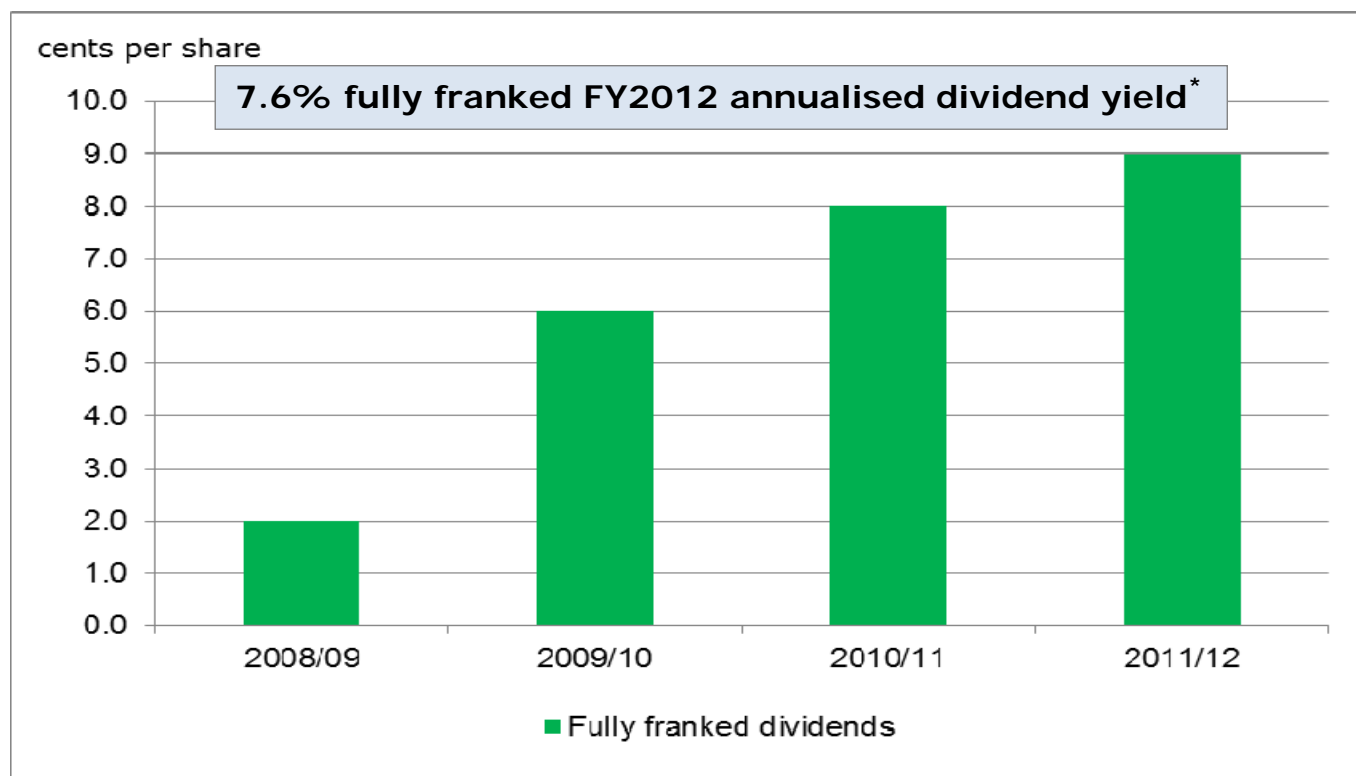
In February the majority of Australian listed companies will report earnings results to the market. Given the market expects earnings to be average during this reporting season, the main focus will be on the outlook statements. How companies view things are going in the second half of the financial year and what this implies for the next financial year will be significant. The recent rally has been primarily price to earnings (P/E) expansion and we now need to see the earnings come through to support these higher share prices. The outlook statements at these results will be the first opportunity to assess if these earnings are in fact going to flow through.

Dividends – 4.5 cents per share fully franked final

On 19 October 2012, the Company paid a fully franked final dividend of 4.5 cents per share. This is a 12.5% increase on the previous year's final dividend.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient franking credits and it is within prudent business practices. It must also comply with Government legislation and the ATO's interpretation of a company's ability to pay franked dividends. Dividends are paid on a six-monthly basis. Dividend payments will also be made with consideration to cash flow and cash holdings.

WAM Active Dividends



*Based on the 13 February 2013 closing price.

Option issue – 1 for 1 bonus issue

On 4 May 2012, the Board announced a 1 for 1 bonus issue of options to acquire ordinary shares in the capital of the Company. The options were allotted to shareholders on 25 June 2012. The options have an exercise price of \$1.08 per share and can be exercised at any time on or before 12 December 2013. The options are currently trading on the ASX under the code WAAO.

As at 31 January 2013, 3,714,961 options have been exercised for a total consideration of \$4,012,158 with a remaining balance of outstanding options being 12,594,984.

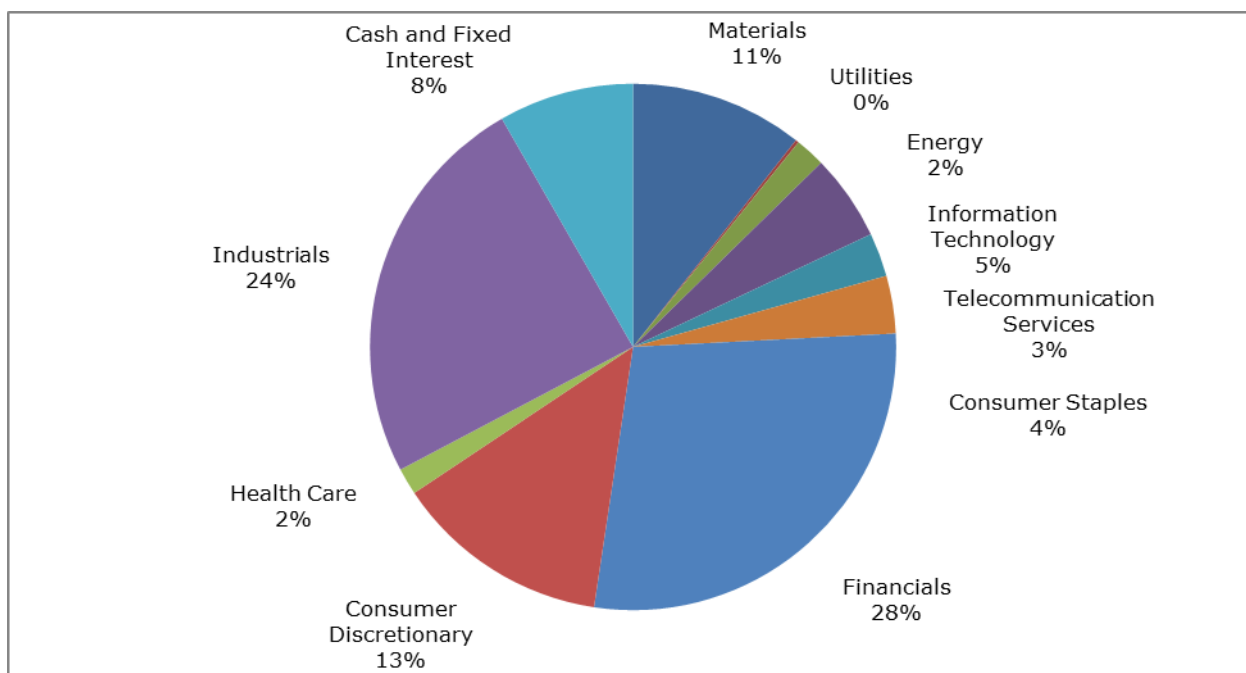
Portfolio structure

Investment Type	As at 31 Dec 2012		As at 31 Jan 2013	
	\$m	%	\$m	%
Australian Equities	17.2	77.6%	21.7	91.7%
Fixed Interest and Cash	4.9	22.4%	2.0	8.3%
Total Long Portfolio	22.1	100.0%	23.7	100.0%
Total Short Portfolio	(0.0)	(0.0%)	(0.0)	(0.0%)
Total Fund Size	\$22.1m		\$23.7m	
	No.		No.	
Total ordinary shares on issue	19,767,646		20,200,443	
Total options on issue	13,027,781		12,594,984	

At 31 January 2013 the major securities held in the portfolio were as follows:

Code	Company	Market Value \$	Market Value as % Gross Assets
BKW	Brickworks Limited	778,515	3.3%
INA	Ingenia Communities Group	746,161	3.1%
HIL	Hills Holdings Limited	707,442	3.0%
TEN	Ten Network Holdings Limited	701,563	3.0%
RHG	RHG Limited	683,848	2.9%
CYG	Coventry Group Limited	668,961	2.8%
SVW	Seven Group Holdings Limited	644,155	2.7%
CCQ	Contango Capital Partners Limited	580,254	2.4%
BLD	Boral Limited	545,231	2.3%
SDG	Sunland Group Limited	538,961	2.3%
FBU	Fletcher Building Limited	528,000	2.2%
CRZ	Carsales.Com Limited	516,766	2.2%
FXJ	Fairfax Media Limited	504,576	2.1%
CSR	CSR Limited	499,009	2.1%
CPU	Computershare Limited	476,469	2.0%
MYR	Myer Holdings Limited	475,401	2.0%
QAN	Fairfax Media Limited	474,300	2.0%
AGF	AMP Capital China Growth Fund	466,212	2.0%
BSL	Bluescope Steel Limited	462,498	1.9%
TLS	Telstra Corporation Limited	458,744	1.9%

Portfolio structure – sector allocation



Positive performance – yearly comparison to S&P/ASX All Ordinaries Accumulation Index

Set out below is the performance of WAA's investment portfolio since listing to 31 January 2013 on a financial year basis. The performance data is before all expenses, fees and taxes and is used as a guide to how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

Financial Year	WAA Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	+17.4%
2008/2009	+9.6%	-22.2%	+31.8%
2009/2010	+22.7%	+13.8%	+8.9%
2010/2011	+11.5%	+12.2%	-0.7%
2011/2012	+5.5%	-7.0%	+12.5%
2012/2013 YTD	+16.2%	+21.4%	-5.2%

Performance - monthly comparison

The table below shows the month by month investment performance of WAA against the S&P/ASX All Ordinaries Accumulation Index.

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
Investment Portfolio*	+0.3%	+1.2%	+0.5%	+1.6%	+2.4%	-3.7%	-1.1%
All Ords Accum.	-11.2%	+0.3%	-4.1%	+4.6%	+2.5%	-7.3%	-5.2%
	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09
Investment Portfolio*	+0.1%	-3.8%	-5.3%	-5.2%	+3.4%	-1.9%	+0.6%
All Ords Accum.	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%
	Mar 09	Apr 09	May 09	Jun 09	July 09	Aug 09	Sep 09
Investment Portfolio*	+4.5%	+7.6%	+5.0%	+6.2%	+9.6%	+7.5%	+6.2%
All Ords Accum.	+8.1%	+6.1%	+2.2%	+3.9%	+7.7%	+6.5%	+6.0%
	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
Investment Portfolio*	+2.1%	+0.3%	+1.0%	-3.6%	+0.0%	+2.9%	+0.4%
All Ords Accum.	-1.9%	+1.9%	+3.7%	-5.8%	+1.8%	+5.8%	-1.2%
	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Investment Portfolio*	-4.0%	-0.9%	+1.6%	+0.1%	+2.7%	+1.3%	+2.3%
All Ords Accum.	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%	-0.7%
	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
Investment Portfolio*	+3.6%	+0.7%	-0.3%	+0.4%	+2.5%	-1.6%	-2.3%
All Ords Accum.	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%	-1.9%	-2.4%
	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12
Investment Portfolio*	+0.0%	-1.2%	+0.7%	+2.1%	-0.4%	-1.0%	+1.0%
All Ords Accum.	-3.4%	-2.0%	-6.3%	+7.2%	-3.4%	-1.6%	+5.2%
	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12
Investment Portfolio*	+3.5%	+1.1%	+0.0%	-1.6%	+1.1%	+1.2%	+2.0%
All Ords Accum.	+2.4%	+1.2%	+1.1%	-6.9%	+0.3%	+3.7%	+2.1%
	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13		Since Inception
Investment Portfolio*	+1.4%	+1.9%	+0.7%	+2.7%	+5.3%		+87.9%
All Ords Accum.	+2.1%	+3.0%	+0.3%	+3.4%	+5.1%		-4.9%

*The change in the portfolio before all expenses, fees and taxes.

For more information

Please contact Geoff Wilson, Chris Stott or Kate Thorley.

Wilson Asset Management
Level 11, 139 Macquarie Street, Sydney NSW 2000
GPO Box 4658 Sydney NSW 2001

Phone 02 9247 6755
Fax 02 9247 6855
info@wamfunds.com.au

www.wamfunds.com.au