

# Investment update

As at 31 August 2016



[wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

ABN 49 126 420 719

## Snapshot

Pre-tax net tangible assets

107.28c

Dividend yield

4.2%

Gross assets

\$38.3m

Performance  
(p.a. since January 2008)

13.0%

## WAM Active Limited

ASX Code	WAA
Listed	Jan 2008
Gross assets	\$38.3m
Market cap	\$41.8m
Share price	\$1.19
NTA before tax	\$1.07
Shares on issue	35,109,715
Fully franked dividends (FY2016)	5.0c
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

## Market overview

The S&P/ASX All Ordinaries Accumulation Index ended the month down 1.3% on the back of a mixed company reporting season. The extended federal election campaign brought the economy to a halt, which was reflected in company results. Consumer stocks provided mixed results, with electronics and furniture retailers performing well and some fashion retailers posting poor results.

Positively, mining services companies are now positioned more favourably after in many cases deleveraging their balance sheets. During the August reporting season, many companies provided guarded outlook statements and were cautious in their guidance. We will approach the coming months with caution as we enter the Annual General Meeting confession season.

## Portfolio overview

During August, we seized a number of market mispricing opportunities arising from company results announcements. These included Monash IVF Group (ASX: MVF), JB Hi-Fi (ASX: JBH), Cochlear (ASX: COH), Lendlease Group (ASX: LLC). In August, shareholders in AMP China Growth Fund (ASX: AGF) voted at an extraordinary general meeting to liquidate the fund and return capital to shareholders. We are disappointed with the resolutions that were put to the meeting but the results are positive for all shareholders, including WAM Active and WAM Capital.

## Net tangible asset (NTA) figures

NTA before tax	107.28c
NTA after tax and before tax on unrealised gains	106.34c
NTA after tax	106.32c

## Performance

Performance at 31 August 2016	1 Mth	Fin YTD	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio*	0.1%	4.3%	13.2%	19.8%	13.1%	13.8%	13.0%
S&P/ASX All Ordinaries Accumulation Index	-1.3%	4.9%	14.2%	10.7%	7.1%	9.5%	2.7%
<b>Outperformance</b>	<b>+1.4%</b>	<b>-0.6%</b>	<b>-1.0%</b>	<b>+9.1%</b>	<b>+6.0%</b>	<b>+4.3%</b>	<b>+10.3%</b>
UBS Bank Bill Index	0.2%	0.3%	1.1%	2.2%	2.5%	3.0%	3.9%
<b>Outperformance</b>	<b>-0.1%</b>	<b>+4.0%</b>	<b>+12.1%</b>	<b>+17.6%</b>	<b>+10.6%</b>	<b>+10.8%</b>	<b>+9.1%</b>

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

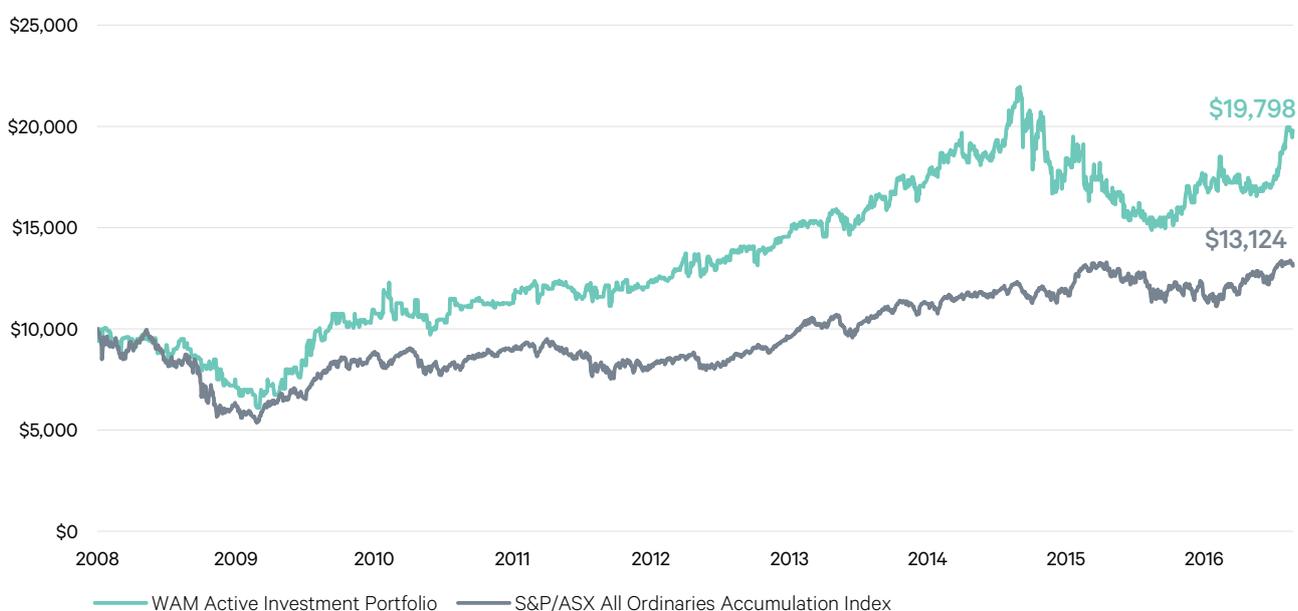
## One-for-one option issue

On 11 August 2016, the Board of Directors 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 before they expire on 17 September 2018. The options will trade on the ASX under the code WAAO from 20 September 2016. The Prospectus was announced on Monday 12 September 2016 and is available on the ASX at this [link](#), it will also be mailed or emailed to shareholders on Thursday. 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.

## Growth of \$10,000 investment since inception

### WAM Active versus the Index



## Diversified portfolio

Investment type	July 2016		August 2016	
	\$m	%	\$m	%
Listed equities	29.2	74.1	29.5	77.0
Short portfolio	(2.4)	(6.2)	(0.1)	(0.3)
Fixed interest & cash	12.6	32.1	8.9	23.3
<b>Gross assets</b>	<b>\$39.4m</b>	<b>100.0</b>	<b>\$38.3m*</b>	<b>100.0</b>
<b>Total shares on issue</b>	<b>35,109,715</b>		<b>35,109,715</b>	

\* This figure is after the payment of \$1.1m for the FY16 performance fee during the month.

## Top 20 holdings

Code	Company	Market value \$	Market value as % gross assets
HHV	Hunter Hall Global Value Limited	2,868,038	7.5%
CYA	Century Australia Investments Limited	1,598,534	4.2%
ALL	Aristocrat Leisure Limited	1,489,102	3.9%
ALQ	ALS Limited	1,296,292	3.4%
AGF	AMP Capital China Growth Fund	1,118,606	2.9%
TGG	Templeton Global Growth Fund Limited	965,909	2.5%
GWA	GWA Group Limited	795,657	2.1%
IMD	Imdex Limited	737,640	1.9%
SAI	SAI Global Limited	698,252	1.8%
CWY	Cleanaway Waste Management Limited	682,414	1.8%
DOW	Downer EDI Limited	650,612	1.7%
AFY	Afterpay Holdings Limited	613,095	1.6%
ADA	Adacel Technologies Limited	568,500	1.5%
HGG	Henderson Group PLC	566,492	1.5%
AUB	AUB Group Limited	557,555	1.5%
MVP	Medical Developments International Limited	557,378	1.5%
AJA	Astro Japan Property Group	554,069	1.4%
WIC	Westoz Investment Company Limited	541,146	1.4%
MYO	MYOB Group Limited	537,832	1.4%
SXE	Southern Cross Electrical Engineering Limited	525,650	1.4%

## 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.

### Dividends since inception

