

# Investment update

As at 31 January 2017



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

ABN 49 126 420 719

## Snapshot

Pre-tax net tangible assets

**\$1.07**

Fully franked  
dividend yield

**4.3%**

Gross assets

**\$38.9m**

Performance  
(p.a. since January 2008)

**12.9%**

## WAM Active Limited

ASX code	WAA
Listed	Jan 2008
Gross assets	\$38.9m
Market cap	\$41.1m
Share price (WAA)	\$1.15
Option price (WAAO)	\$0.052
NTA before tax	\$1.07
Shares on issue	35,698,303
Options on issue	34,579,653
Fully franked dividends (FY2016)	5.0c
Fully franked dividend yield	4.3%

## Investment objectives

- Deliver shareholders 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	Head of Trading
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Senior 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.

## Market overview

The S&P/ASX All Ordinaries Accumulation Index closed down 0.8% for the month. Following the inauguration of President Trump, US equity markets continued their march higher with the Dow Jones Industrial Average Index breaking through 20,000 for the first time. More recently, concerns around the Trump administration's widening diplomatic rifts with both key allies and trade partners have weighed on markets. During the month, US Federal Reserve chair Janet Yellen said interest rates were likely to rise "a few times a year" for the next two years. Locally, domestic fourth-quarter inflation data fell short of expectations, with core inflation increasing 0.4% over the three months to December 2016 and 1.5% over the year, well below the Reserve Bank of Australia's 2-3% target range.

## Stock news

During the month, online credit service company Afterpay Holdings Limited (ASX: AFY) provided a business update for the quarter ended 31 December 2016. Afterpay reported retail sales of over \$100 million for Q2 FY17, up over 14.5% from the previous quarter. The company said it has continued to experience strong growth in new retail merchant clients. We rate management highly and believe Afterpay can continue to capitalise on its first-mover advantage and the uniqueness of its offering.

During the month of January a number of our market driven positions which were purchased for the Trump rally reached their valuation and were sold resulting in a sizeable short term increase in our cash holdings.

## Net tangible asset (NTA) figures

NTA before tax	107.10c
NTA after tax and before tax on unrealised gains	105.73c
NTA after tax	105.73c

The above figures are not adjusted for the 34,579,653 options on issue with an exercise price of \$1.14.

## Performance

Performance at 31 January 2017	1 Mth	6 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	Since Inception %pa (Jan-08)
WAA Investment Portfolio*	0.9%	4.0%	8.4%	15.7%	12.6%	14.2%	12.9%
S&P/ASX All Ordinaries Accumulation Index	-0.8%	2.6%	9.1%	17.1%	7.5%	10.3%	3.0%
<b>Outperformance</b>	<b>+1.7%</b>	<b>+1.4%</b>	<b>-0.7%</b>	<b>-1.4%</b>	<b>+5.1%</b>	<b>+3.9%</b>	<b>+9.9%</b>
UBS Bank Bill Index	0.2%	0.9%	1.1%	2.0%	2.3%	2.7%	3.8%
<b>Outperformance</b>	<b>+0.7%</b>	<b>+3.1%</b>	<b>+7.3%</b>	<b>+13.7%</b>	<b>+10.3%</b>	<b>+11.5%</b>	<b>+9.1%</b>

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

## Investor conference call

Shareholders have the opportunity to take part in an investor conference call in which the investment team will provide an update on the WAM Active investment portfolio and our equity market outlook. The call will also cover WAM Capital, WAM Leaders and WAM Research.

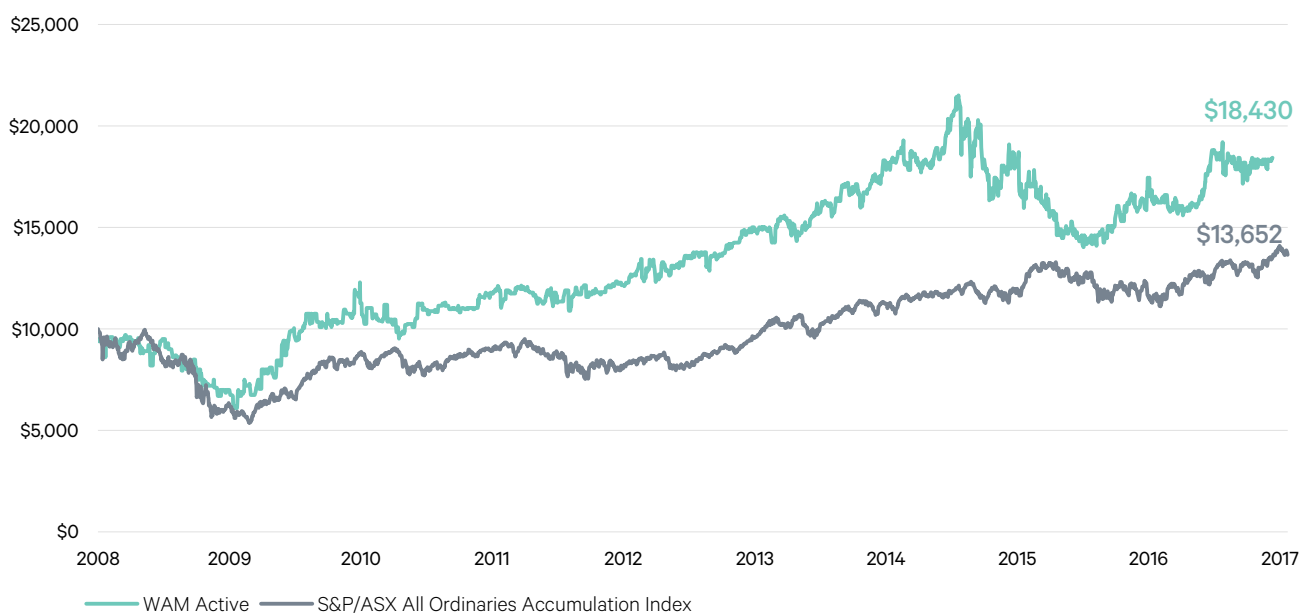
**Date:** Wednesday 8 March 2017

**Time:** 4:30-5.30pm (AEST)

To register, please email Alexandra Hopper on [investorcall@wilsonassetmanagement.com.au](mailto:investorcall@wilsonassetmanagement.com.au).

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

### WAM Active versus the Index



## Diversified portfolio

Investment type	December 2016		January 2017	
	\$m	%	\$m	%
Listed equities	31.4	81.4	22.7	58.4
Short portfolio	(0.0)	(0.0)	(0.4)	(1.1)
Fixed interest & cash	7.2	18.6	16.6	42.7
<b>Gross assets</b>	<b>\$38.6m</b>	<b>100.0</b>	<b>\$38.9</b>	<b>100.0</b>
<b>Total shares on issue</b>	<b>35,696,621</b>		<b>35,698,303*</b>	

\*During the month, 1,682 options were exercised.

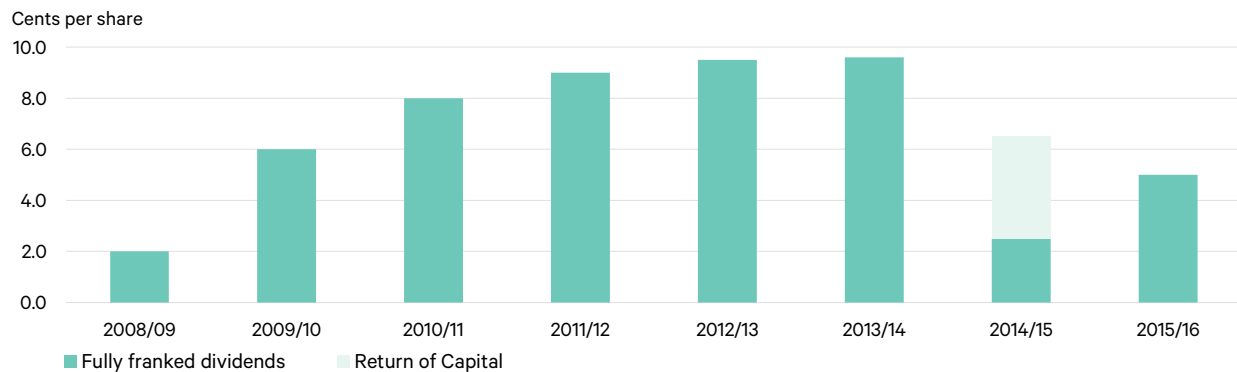
## Top 20 holdings

Code	Company	Code	Company
HHV	Hunter Hall Global Value Limited	TWE	Treasury Wine Estates Limited
CYA	Century Australia Investments Limited	SUL	Super Retail Group Limited
JBH	JB Hi-Fi Limited	ANN	Ansell Limited
CGF	Challenger Limited	WIC	Westoz Investment Company Limited
AFY	Afterpay Holdings Limited	RCR	RCR Tomlinson Limited
WOW	Woolworths Limited	AGF	AMP Capital China Growth Fund
TGG	Templeton Global Growth Fund Limited	AUB	AUB Group Limited
CVO	Cover-More Group Limited	NWH	NRW Holdings Limited
NUF	Nufarm Limited	SXE	Southern Cross Electrical Engineering Limited
IMD	Imdex Limited	WOR	WorleyParsons Limited

## Fully franked dividends

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. Dividends are usually paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

### Fully franked dividends since inception



## One-for-one option issue

In August 2016, the Company 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 on or before 17 September 2018. The options trade on the ASX under the code WAAO. 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.