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Annual Report

For the year ended 30 June 2018

WAM Active Limited

WAM Active Limited (WAM Active or the Company) is a Listed Investment Company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Directors

Geoff Wilson AO (Chairman)
Kate Thorley
Emma Rugge-Price
Karina Kwan

Auditor

Pitcher Partners

Country of Incorporation

Australia

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: (02) 9290 9600
F: (02) 9279 0664

Company Secretary

Linda Vo

Registered Office

Level 11, 139 Macquarie Street
Sydney NSW 2000

Investment Manager

MAM Pty Limited
Level 11, 139 Macquarie Street
Sydney NSW 2000
(part of Wilson Asset Management)

Contact Details

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Sydney NSW 2001
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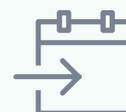
For enquiries relating to shareholdings, options, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Australian Securities Exchange

WAM Active Limited
Ordinary Shares (WAA)
WAM Active Limited
Options (WAAO) expiring 17 Sep 2018
\$1.14 exercise price

Shareholder Presentations 2018 Annual General Meeting and Presentation Sydney Tuesday 20 November

Presentation: 10.00am – 12.00pm
AGM: 2.55pm – 3.15pm
The Westin Sydney
1 Martin Place
Sydney NSW 2000
To be streamed live on our website wilsonassetmanagement.com.au.



Canberra

Monday 19 November

10.00am – 12.00pm
QT Canberra
1 London Circuit
Canberra ACT 2601

Brisbane

Thursday 22 November

10.00am – 12.00pm
Brisbane Convention & Exhibition
Centre, Cnr Merivale & Glenelg Streets
South Bank QLD 4101

Hobart

Friday 23 November

10.00am – 12.00pm
C3 Convention Centre
64 Anglesea Street
South Hobart TAS 7004

Adelaide

Monday 26 November

10.00am – 12.00pm
Adelaide Convention Centre
North Terrace
Adelaide SA 5000

Perth

Tuesday 27 November

10.00am – 12.00pm
Perth Convention & Exhibition Centre
21 Mounts Bay Road
Perth WA 6000

Melbourne

Thursday 29 November

10.00am – 12.00pm
Melbourne Convention & Exhibition
Centre, 1 Convention Centre Place
South Wharf VIC 3006

The Future Generation Presentations will be held from 12.15pm - 1.15pm in each city.

Access exclusive investment ideas from leading Australian and global fund managers at the

Future Generation Investment Forum which will be held from 1.45pm – 3.15pm on Thursday 29 November in Melbourne.

Key highlights FY2018

+15.7%

Investment portfolio performance

5.7c

Fully franked full year dividend

5.2%

Fully franked dividend yield

3 times

Portfolio turnover

Snapshot as at 30 June 2018

Listing date	January 2008
Gross assets	\$47.2m
Market capitalisation	\$45.9m
Share price	\$1.105
Option price	\$0.005
Shares on issue	41,575,290
Options on issue	29,312,744
Net Tangible Assets (pre-tax)	\$1.10
Net Tangible Assets (post-tax)	\$1.08
Fully franked dividends FY2018	5.7 cents
Fully franked FY2018 dividend yield	5.2%

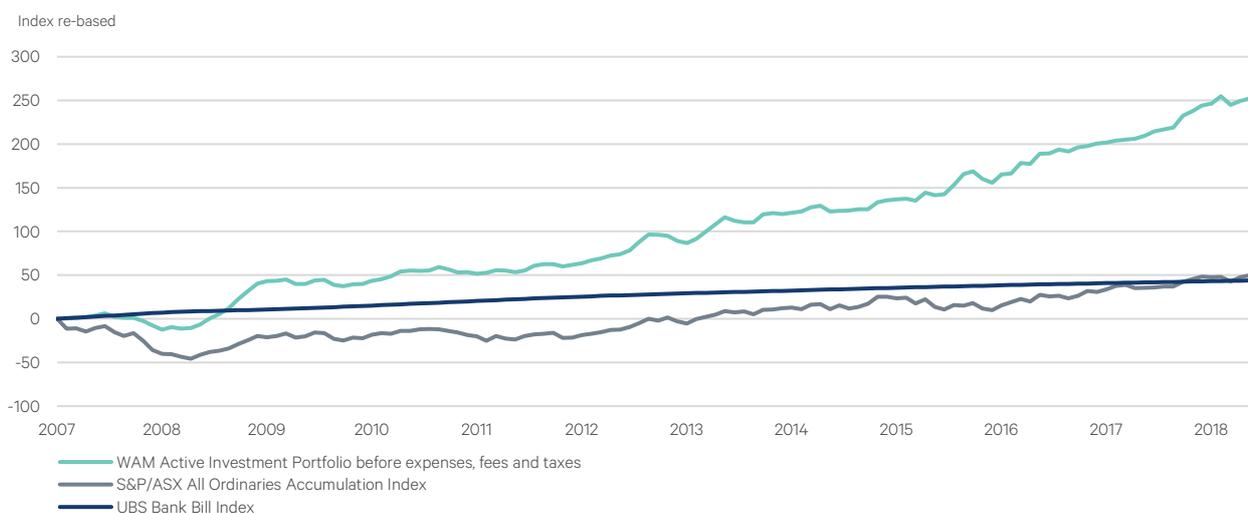
FY2018 results

WAM Active reported an operating profit before tax of \$4.4 million for the year, a 64.7% increase on the previous year (FY2017: \$2.7 million) and an operating profit after tax of \$3.4 million (FY2017: \$2.1 million).

The increase in operating profit for 2018 is reflective of the solid investment portfolio performance and growth in assets over the period. The investment portfolio increased 15.7% and was achieved with an average cash weighting of 29.4%. Over the year, the UBS Bank Bill Index increased 1.8% and the S&P/ASX All Ordinaries Accumulation Index rose 13.7%. The highly active investment process saw the equity component of the investment portfolio turn over three times during the year with 231 individual companies traded.

The Board declared a fully franked full year dividend of 5.7 cents per share, with the fully franked final dividend being 2.85 cents per share. Shareholders who exercise their options before 17 September 2018 will be eligible to receive the fully franked final dividend.

WAM Active's investment portfolio has returned 12.9% p.a. over 10½ years outperforming the market by 8.7% p.a.



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Chairman's letter

Dear Fellow Shareholders,

Firstly, I would like to thank all WAM Active shareholders for your continued support of the Company during the 2018 financial year. I would also like to welcome all new shareholders to the Company.

Since listing in 2008, the Company has effectively applied an investment approach which provides investors with exposure to active trading strategies which aim to deliver positive returns in all market cycles. In the 2018 financial year, we continued to focus on identifying and acting on market mispricing opportunities that allowed us to grow the Company's investment portfolio by 15.7%, while taking as little risk as possible. This risk-adjusted investment performance was achieved with an average 70.6% invested in equities, with the investment portfolio recording a standard deviation of 5.6% against the market's 7.1% for the year. The highly active investment process saw the equity component of the investment portfolio turn over three times during the year with 231 individual companies traded. The fully franked full year dividend for the 2018 year was 5.7 cents per share, representing a fully franked 5.2% yield on the 30 June 2018 share price.

Company performance

There are three key measures we use to evaluate the performance of a listed investment company, which are: investment portfolio performance; net tangible asset (NTA) growth; and total shareholder return (TSR). Investment portfolio performance measures the growth of the underlying portfolio of equities and cash before expenses, fees and taxes. A key objective of WAM Active is to outperform the S&P/ASX All Ordinaries Accumulation Index by growing the investment portfolio at a greater rate, which is called outperformance. The S&P/ASX All Ordinaries Accumulation Index is measured before expenses, fees and taxes. NTA growth is the change in value of the Company's assets, less liabilities and costs (including tax, management and performance fees) and is essentially the realisable value of the Company. The NTA is announced to shareholders on the ASX each month. TSR measures the tangible value shareholders gain from share price growth and dividends paid over the period. Importantly, TSR does not include the value of franking credits distributed to shareholders by way of fully franked dividends.

1. Investment portfolio performance

WAM Active's investment portfolio increased 15.7% in the 12 months to 30 June 2018 and was achieved while holding on average 29.4% of the investment portfolio in cash. This measure is before tax and costs and is compared to the S&P/ASX All Ordinaries Accumulation Index which is also before expenses, fees and taxes. WAM Active has an absolute return approach to investing and therefore we also measure the performance against cash which is shown in the table below.

Performance at 30 June 2018	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Jan-08)
WAM Active Investment Portfolio*	15.7%	15.1%	13.9%	13.4%	12.9%
S&P/ASX All Ordinaries Accumulation Index	13.7%	9.5%	10.3%	6.2%	4.2%
Outperformance	+2.0%	+5.6%	+3.6%	+7.2%	+8.7%
UBS Bank Bill Index (cash)	1.8%	1.9%	2.2%	3.3%	3.5%
Outperformance	+13.9%	+13.2%	+11.7%	+10.1%	+9.4%

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

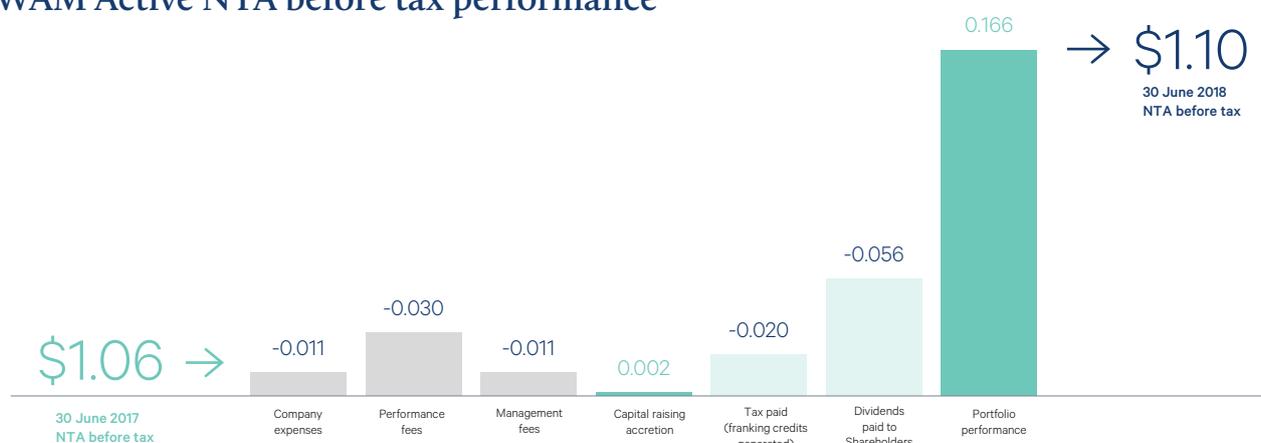
Set out below is the performance of WAM Active since listing on a financial year basis. The performance data excludes all expenses, fees and taxes and is used as a guide to how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index over the same period.

Financial Year	WAM Active Investment Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	2.2%	-15.2%	+17.4%
2008/2009	9.6%	-22.1%	+31.7%
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	15.4%	20.7%	-5.3%
2013/2014	19.4%	17.6%	+1.8%
2014/2015	5.5%	5.7%	-0.2%
2015/2016	18.0%	2.0%	+16.0%
2016/2017	11.6%	13.1%	-1.5%
2017/2018	15.7%	13.7%	+2.0%

2. NTA growth

WAM Active's NTA before tax increased 9.1% for the 12 months to 30 June 2018, including the 5.6 cents per share of fully franked dividends paid to shareholders during the year. This increase is after corporate tax paid of 2.0 cents per share or 1.9% during the year. Corporate tax payments made throughout the year together with the performance fee payable (2.8%) were the major items of difference between the investment portfolio performance of 15.7% and the net tangible asset performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in value of the assets during the year were management fees of 1.0% and other company related expenses of 1.1%, being offset by capital raising accretion of 0.2%.

WAM Active NTA before tax performance



3. Total shareholder return

This measure shows the tangible return to shareholders, being the change in the share price together with dividends, assuming the dividends are reinvested during the period. The TSR for WAM Active for the year to 30 June 2018 was 5.6% (2017: 16.0%). This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

Growth of a \$10,000 investment since inception



Notes:

1. The above graph reflects the period from inception in January 2008 to 30 June 2018.
2. WAM Active's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
3. The S&P/ASX All Ordinaries Accumulation Index and the UBS Bank Bill Index have been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Active portfolio.

Investment portfolio performance

The investment portfolio continued to deliver strong absolute performance, increasing 15.7% over the year while holding on average 29.4% in cash. Over the course of the 2018 financial year, the equity component of the portfolio turned over three times and we traded shares in 231 individual companies. The investment team continued to focus on identifying and acting on market mispricing opportunities which contributed to the investment portfolio's performance during the year. The best five performing investments in FY2018 were Nine Entertainment Co. Holdings (NEC), Afterpay Touch Group (APT), Seven Group Holdings (SVW), Flight Centre Travel Group (FLT) and Platinum Asset Management (PTM). We believe low-risk trading opportunities will continue to present themselves and we are well positioned to take advantage of potential equity market mispricings.

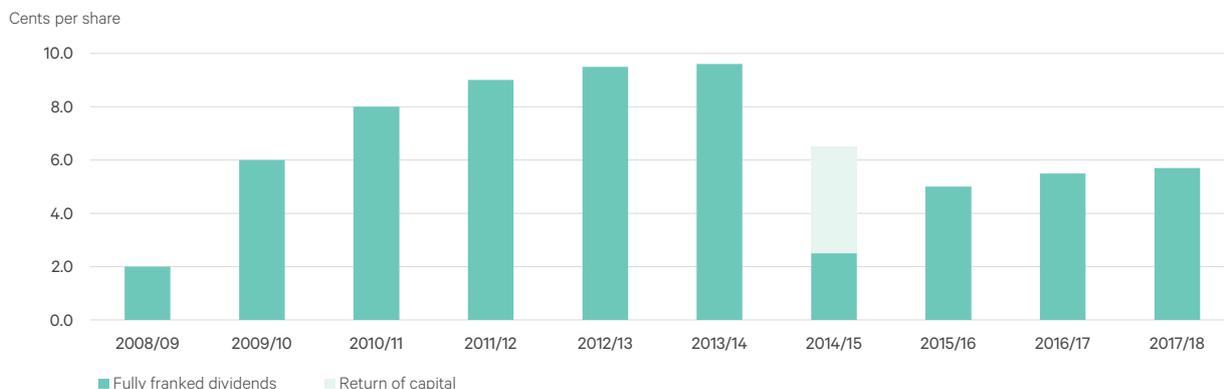
Dividends

The Board declared a fully franked full year dividend of 5.7 cents per share, an increase of 3.6% on the previous year with the fully franked final dividend being 2.85 cents per share. Since inception, the Company has paid 60.0 cents per share in fully franked dividends to shareholders.

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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. The dividend reinvestment plan is available to shareholders for both the interim and final dividend. The dividend reinvestment plan will be operating at a 2.5% discount for the final dividend.

WAM Active dividends and return of capital since inception



Options

Shareholders who received options as part of the one-for-one bonus option issue announced by the Company on 11 August 2016 are reminded that these options enable you to acquire additional WAM Active shares without paying brokerage fees at the price of \$1.14 per share. As at 30 June 2018, a total of 5,679,618 options had been exercised for a total consideration of \$6,474,764, with the remaining number of outstanding options being 29,312,744. Shareholders who exercise their options before 17 September 2018 will be eligible to receive the fully franked final dividend of 2.85 cents per share. The options expire on 17 September 2018 and will cease trading on the ASX on 11 September 2018. The options are currently trading on the Australian Securities Exchange under the code WAAO.

The Board is committed to growing the Company to the benefit of all shareholders and the bonus option issue is an effective way to do so. 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.

Equity market overview

The rise in global interest rates, coupled with the potential trade wars, will increase volatility and although global economic growth continues, domestic economic growth remains sluggish. Given the lack of wage inflation and no clear catalyst to drive domestic economic growth in the short-to-medium term, we expect interest rates in Australia to remain on hold for a prolonged period.

Corporate balance sheets are presently in the best shape they have been in a decade. As a result, private equity firms are seeking acquisitions rather than divestments. The continued acceleration of the global macro-economic environment is generally supportive of high levels of merger and acquisition activity and will present opportunities that we will look to capitalise on using our proven market-driven investment process.

Company outlook

WAM Active enters the 2019 financial year with a conservative balance sheet, a high cash weighting, no debt and a flexible and proven investment approach with the patience and expertise of an experienced investment team. The Company will continue to seek opportunities irrespective of market conditions and we remain well positioned to capitalise on these as they emerge.

Board changes

During the year, Mathew Kidman, Chris Stott and John Abernethy resigned from the Board of Directors. The Board would like to thank Matthew, Chris and John for their contribution to WAM Active since Matthew's appointment as founding director in 2007 and John and Chris' appointments in 2007 and 2014 respectively.

The Board recently welcomed Emma Rugge-Price and Karina Kwan as Directors. Emma Rugge-Price brings a wealth of marketing, branding and communication experience to the role. Karina Kwan is highly experienced in the financial services industry with exceptional experience in management, finance, risk management, corporate governance and strategy.

Public policy and advocacy – defending the current dividend imputation system

Wilson Asset Management continues to engage in public policy discussions and advocates on behalf of all shareholders regarding issues of importance. Early in the 2018 calendar year, the Federal Opposition proposed to remove the mechanism for the Australian Taxation Office to refund tax paid on dividend income. We believe it is unfair to change the rules on self-funded retirees, older workers and low income earners. On 11 May 2018, Wilson Asset Management launched a petition to maintain the current dividend imputation system, with over 12,000 signatures collected to date.

We will be submitting the petition, polling results and policy paper to the Commonwealth Treasurer, Minister for Finance, Leader of the Opposition and Shadow Treasurer detailing the negative economic and social impacts of this proposed policy and the positive aspects of the current franking credits system. Over the coming months we will monitor the proposed policy changes and continue to engage in the public debate.

Shareholder engagement and communication

Shareholders are the owners of WAM Active. Our responsibility is to manage the Company on their behalf and be available to report to them on a regular basis. We encourage all shareholders to meet with us and utilise our proactive approach to keeping them informed. We value shareholder engagement and aim to provide total transparency. We do this regularly in many ways, including:

- Weekly investor updates from our Chief Investment Officer;
- Regular investment news and market insights;
- Regular roundtables with our shareholders and planners, advisers and their clients;
- Monthly investment updates;
- Semi-annual conference calls on our LICs;
- Semi-annual presentations and lunches across all major Australian cities; and
- Annual and half yearly profits announcements.

Chairman's letter

WAM Active shareholders are encouraged to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information.

We aim to provide valuable and insightful information to you and welcome all feedback on how we can improve our communication and engagement with you, the owners of the Company – please contact our Head of Corporate Affairs James McNamara on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

Thank you for your continued support.

A handwritten signature in black ink, appearing to read 'Geoff Wilson', with a long horizontal flourish extending to the right.

Geoff Wilson AO
Chairman

Investing with Wilson Asset Management

Established in 1997 by Geoff Wilson, Wilson Asset Management is an independently owned investment manager based in Sydney, Australia. Today, Wilson Asset Management employs 30 staff. The investment team comprises 11 highly experienced professionals with more than 140 years combined investment experience and a total focus on managing money.

We take great pride in managing seven LICs and more than \$3 billion in shareholder capital on behalf of almost 80,000 retail investors. We created and continue to support Future Generation Investment Company Limited and Future Generation Global Investment Company Limited, the only companies to provide:

- Shareholders with exposure to the best Australian and global fund managers without paying management or performance fees;
- Charities with a consistent and growing stream of annual donations; and
- Fund managers with a unique opportunity to make a positive difference to Australia's future generations.

WAM Active has an investment management agreement with Wilson Asset Management. For WAM Active shareholders, that means an experienced team working on your behalf, to achieve your investment aims. Investing with Wilson Asset Management provides the following benefits:

Risk-adjusted returns. Wilson Asset Management is focused on delivering strong returns while taking the least risk possible to protect shareholders' capital. Our flexible mandate allows for above average cash holdings.

Deep diversification. LICs managed by Wilson Asset Management hold small positions in many companies, providing shareholders with access to highly diversified portfolios.

Experienced experts. Wilson Asset Management's investment team has a total focus on protecting and growing shareholder capital and is informed by more than 140 years combined equity market experience.

Full market access. Wilson Asset Management's investment team hold more than 2,500 company meetings each year, that coupled with their extensive network in the market, provides insight, intelligence and opportunities.

Transparency. Wilson Asset Management values shareholder engagement and its LICs adhere to strict corporate governance requirements.

Shareholder advocacy. Wilson Asset Management regularly and actively engages in public debate on behalf of self-managed superannuation funds and retail investors.

A positive impact to the community. Wilson Asset Management is passionate about making a difference to the broader community.

Objectives and investment process

Investment objectives

The investment objectives of WAM Active are to:

- deliver investors a regular income stream in the form of fully franked dividends;
- provide investors with a positive return with low volatility, after fees, over most periods of time; and
- preserve capital in both the short term and long term.

Investment process

WAM Active provides investors with access to Wilson Asset Management's market-driven process, focused on identifying market mispricing opportunities in the Australian equity market. The investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin offs and restructures), arbitrage opportunities, LIC discount arbitrages, short selling and trading market themes and trends. We also participate in investment opportunities that provide the Company with a yield that is better than our return on cash.



Directors' Report to shareholders for the year ended 30 June 2018

The Directors present their report together with the financial report of WAM Active Limited for the financial year ended 30 June 2018.

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a regular income stream of fully franked dividends, to provide a positive return with low volatility and to preserve capital. No change in this activity took place during the year or is likely to in the future.

Operating and financial review

Investment operations over the year resulted in an operating profit before tax of \$4,423,310 (2017: \$2,685,866), a 64.7% increase on the previous year and an operating profit after tax of \$3,415,830 (2017: \$2,065,860). The operating profit for the year is reflective of the solid investment portfolio performance and the growth in assets over the period. The investment portfolio increased 15.7% in the 12 months to 30 June 2018, whilst holding on average 29.4% in cash.

The operating profit for the period includes unrealised gains or losses arising from changes in the market value of the investments held in the portfolio during the period. This movement in the market value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. Because of this treatment under the Accounting Standards, this can cause large variations in reported operating profits between periods.

The operating profit for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

Further information on the three key listed investment company performance measures and the operating and financial review of the Company is contained in the Chairman's Letter.

Financial position

The net asset value of the Company at as 30 June 2018 was \$45,101,455 (2017: \$40,818,742). Further information on the financial position of the Company is contained in the Chairman's Letter.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2018.

Dividends paid or declared

Dividends paid or declared during the year are as follows:

	\$
Fully franked FY2017 final dividend of 2.75 cents per share paid on 27 October 2017	1,098,208
Fully franked FY2018 interim dividend of 2.85 cents per share paid on 27 April 2018	1,178,683

Since the end of the year, the Directors declared a fully franked final dividend of 2.85 cents per share to be paid on 26 October 2018.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

- Geoff Wilson AO
- Kate Thorley
- Emma Rugge-Price (appointed 7 March 2018)
- Karina Kwan (appointed 3 July 2018)
- Matthew Kidman (resigned 3 July 2018)
- Chris Stott (resigned 3 July 2018)
- John Abernethy (resigned 7 March 2018)

Information on Directors

Geoff Wilson AO (Chairman – non-independent)

Experience and expertise

Geoff Wilson has over 38 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company and Future Generation Global Investment Company. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Geoff has been Chairman of the Company since July 2007.

Other current directorships

Geoff Wilson is currently Chairman of WAM Research Limited (appointed June 2003), WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed March 1999), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and the Australian Stockbrokers Foundation. He is the founder and a Director of Future Generation Global Investment Company Limited (appointed May 2015) and Future Generation Investment Company Limited (appointed July 2014) and a Director of Australian Leaders Fund Limited (appointed October 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Limited (appointed September 2014), 8IP Emerging Companies Limited (appointed April 2018), Incubator Capital Limited (appointed February 2000), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is the founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Geoff Wilson AO (Chairman – non-independent) (cont'd)

Former directorships in the last 3 years

Geoff Wilson resigned as a director of Clime Capital Limited in March 2018.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoff Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Geoff Wilson's interests in contracts of the Company are included later in this report.

Kate Thorley (Director – non-independent)

Experience and expertise

Kate Thorley has over 13 years' experience in the funds management industry and more than 19 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited, Director of WAM Capital Limited, WAM Leaders Limited, WAM Research Limited, WAM Microcap Limited, WAM Global Limited and Future Generation Investment Company Limited. Kate is the Company Secretary of Future Generation Global Investment Company Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CA. She is a member of the Australian Institute of Company Directors.

Kate Thorley has been a Director of the Company since July 2014.

Other current directorships

Kate Thorley is a Director of WAM Research Limited (appointed August 2014), WAM Leaders Limited (appointed March 2016), WAM Capital Limited (appointed August 2016), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and Future Generation Investment Company Limited (appointed April 2015).

Former directorships in the last 3 years

Kate Thorley has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Kate Thorley has no interests in contracts of the Company.

Emma Rugge-Price (Director – independent) (appointed 7 March 2018)

Experience and expertise

Emma Rugge-Price has had a global career in technology marketing, having worked for both multi-national and start-up organisations in Hong Kong, London and Silicon Valley. Returning to Australia, she joined GE (and GE Capital), where she led local and global brand programs, marketing and communications for over 12 years. Emma has deep expertise in building brands and reputations through creative campaigns and strategic thought leadership. Emma was recently appointed the Chief Executive Officer of Advance.

Emma Rugge-Price has been a Director of the Company since March 2018.

Other current directorships

Emma Rugge-Price has no other directorships.

Former directorships in the last 3 years

Emma Rugge-Price has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Member of the Audit and Risk Committee.

Interests in shares of the Company

Emma Rugge-Price has no interests in shares of the Company.

Interests in contracts

Emma Rugge-Price has no interests in contracts of the Company.

Karina Kwan (Director – independent) (appointed 3 July 2018)

Experience and expertise

Karina Kwan is highly experienced in the financial services industry with exceptional experience in management, finance, risk management, corporate governance and strategy. Karina has led an accomplished executive career, most recently as General Manager of Group Support Services Finance at the Commonwealth Bank of Australia and prior to that as the Chief Financial Officer of Citigroup for Australia and New Zealand. Karina holds a Bachelor of Economics, is a CPA Australia Fellow and a member of the Australian Institute of Company Directors. Karina also serves on the Board of Advice for The University of Sydney Business School.

Karina Kwan has been a Director of the Company since July 2018.

Other current directorships

Karina Kwan has no other directorships.

Former directorships in the last 3 years

Karina Kwan has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Chair of the Audit and Risk Committee.

Karina Kwan (Director – independent) (cont'd)

Interests in shares of the Company

Karina Kwan has no interests in shares of the Company.

Interests in contracts

Karina Kwan has no interests in contracts of the Company.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Linda Vo

Linda Vo has over 15 years' experience in financial accounting including more than 11 years in the funds management industry. As the Finance Manager of Wilson Asset Management (International) Pty Limited, Linda oversees finance and accounting and is also Company Secretary for six listed investment companies, WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Microcap Limited, WAM Global Limited and WAM Leaders Limited. Linda holds a Bachelor of Commerce and is a fully qualified CPA. She is a certified member of the Governance Institute of Australia.

Linda was appointed Company Secretary of WAM Active Limited in February 2016.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Active Limited.

a) Remuneration of Directors

All Directors of WAM Active are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual General Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$110,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2018:

Director	Position	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Geoff Wilson	Chairman	9,132	868	10,000
Kate Thorley	Director	9,132	868	10,000
Emma Ruge-Price (appointed 7 March 2018)	Director	8,707	827	9,534
Chris Stott (resigned 3 July 2018)	Director	9,132	868	10,000
Matthew Kidman (resigned 3 July 2018)	Director	27,397	2,603	30,000
John Abernethy (resigned 7 March 2018)	Director	18,765	1,783	20,548
		82,265	7,817	90,082

Remuneration Report (Audited) (cont'd)**a) Remuneration of Directors (cont'd)**

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individuals benefits for FY2018 and do not receive any retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

The following table reflects the Company's performance and Directors' remuneration over five years:

	2018	2017	2016	2015	2014
Operating profit after tax (\$)	3,415,830	2,065,860	3,139,348	897,681	3,171,203
Dividends (cents per share)	5.7	5.5	5.0	2.5	9.6
NTA after tax (cents per share)	108.32	105.02	103.94	99.94	105.97
Total Directors' remuneration (\$)	90,082	90,000	90,000	80,000	70,000
Shareholder's equity (\$)	45,101,455	40,818,742	36,555,727	34,742,619	36,431,131

As outlined above, Directors' fees are not directly linked to the Company's performance.

b) Director related entities remuneration

All transactions with related entities during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited (the Investment Manager or the Manager). Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active Limited. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$495,243 inclusive of GST (2017: \$433,909). As at 30 June 2018, the balance payable to the Manager was \$43,174 inclusive of GST (2017: \$38,490).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the gross value of the portfolio above the high-water mark.

The high-water mark is the greater of:

- the highest gross value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus.

If the gross value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered. As at 30 June 2018, a performance fee of \$1,255,324 inclusive of GST was payable to MAM Pty Limited (2017: \$734,975).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Active Limited to provide accounting and Company Secretarial services on commercial terms. For the

Remuneration Report (Audited) (cont'd)**b) Director related entities remuneration (cont'd)**

year ended 30 June 2018, the fee for accounting services amounted to \$46,200 inclusive of GST (2017: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2017: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

These amounts are in addition to the above Director's remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

c) Remuneration of executives

There are no executives that are paid by the Company. MAM Pty Limited, the Manager of the Company provides the day to day management of the Company and is remunerated as outlined above.

d) Equity instruments disclosures of Directors and related parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2017	Acquisitions	Disposed	Balance at the date of this report
Geoff Wilson	1,113,892	-	-	1,113,892
Kate Thorley	44,800	8,113	-	52,913
Emma Ruge-Price (appointed 7 March 2018)	-	-	-	-
Karina Kwan (appointed 3 July 2018)	-	-	-	-
	1,158,692	8,113	-	1,166,805

Options held Directors	Balance at 30 June 2017	Acquisitions	Options exercised/disposed	Balance at the date of this report
Geoff Wilson	1,113,892	-	-	1,113,892
Kate Thorley	37,634	-	-	37,634
Emma Ruge-Price (appointed 7 March 2018)	-	-	-	-
Karina Kwan (appointed 3 July 2018)	-	-	-	-
	1,151,526	-	-	1,151,526

Directors and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of Remuneration Report -

Directors' meetings

Director	No. eligible to attend	Attended
Geoff Wilson	4	3
Kate Thorley	4	4
Emma Rugge-Price (appointed 7 March 2018)	1	1
Matthew Kidman (resigned 3 July 2018)	4	4
Chris Stott (resigned 3 July 2018)	4	4
John Abernethy (resigned 7 March 2018)	3	3

Karina Kwan was appointed as a Director of the Company on 3 July 2018.

Audit and Risk Committee meetings

The main responsibilities of the Audit and Risk Committee are set out in the Company's 2018 Governance Statement.

Audit and Risk Committee member	No. eligible to attend	Attended
Kate Thorley	4	4
Emma Rugge-Price (appointed 7 March 2018)	1	1
Matthew Kidman (resigned 3 July 2018)	4	4
John Abernethy (resigned 7 March 2018)	3	3

Emma Rugge-Price was appointed as a member of the WAM Active Limited's Audit and Risk Committee on 19 April 2018 and Karina Kwan was appointed Chair of the Company's Audit and Risk Committee on 5 July 2018, following the resignation of Matthew Kidman.

After balance date events

Since the end of the year, the Directors declared a fully franked final dividend of 2.85 cents per share to be paid on 26 October 2018.

On 3 July 2018, the Company announced the appointment of Karina Kwan to the Board of Directors and the resignations of Chris Stott and Matthew Kidman.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental Regulation

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and insurance of officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

During the year Pitcher Partners, the Company's auditor, performed taxation and other services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar.

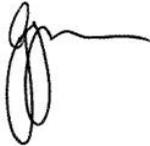
Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2018 is provided on the Company's website at wilsonassetmanagement.com.au.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 23 of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated in Sydney this 17th day of August 2018

**Auditor's Independence Declaration
To the Directors of WAM Active Limited
ABN 49 126 420 719**

In relation to the independent audit for the year ended 30 June 2018, I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WAM Active Limited during the year.



C I Chandran
Partner

Pitcher Partners
Sydney

17 August 2018

Statement of comprehensive income for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Net realised and unrealised gains on financial assets		5,027,921	2,739,192
Other revenue from operating activities	2	1,699,042	1,740,710
Performance fees		(1,169,734)	(684,863)
Management fees		(461,476)	(404,324)
Directors fees		(90,082)	(90,000)
Brokerage expense on share purchases		(254,360)	(246,645)
Expenses paid on borrowed stock		(66,186)	(63,423)
Custody fees		(3,827)	(2,976)
ASX listing and chess fees		(49,065)	(49,802)
Share registry fees		(27,332)	(35,464)
Other expenses from ordinary activities		(181,591)	(216,539)
Profit before income tax		4,423,310	2,685,866
Income tax expense	3(a)	(1,007,480)	(620,006)
Profit after income tax attributable to members of the Company		3,415,830	2,065,860
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		3,415,830	2,065,860
Basic and diluted earnings per share	15	8.51 cents	5.73 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	13	14,274,476	11,396,915
Trade and other receivables	6	2,694,467	2,130,097
Financial assets	7	32,197,006	32,564,997
Total current assets		49,165,949	46,092,009
Non-current assets			
Deferred tax assets	3(b)	46,295	26,026
Total non-current assets		46,295	26,026
Total assets		49,212,244	46,118,035
Current liabilities			
Financial liabilities	8	680,030	2,918,255
Trade and other payables	9	2,706,105	1,956,648
Current tax liabilities	3(c)	724,654	401,327
Total current liabilities		4,110,789	5,276,230
Non-current liabilities			
Deferred tax liabilities	3(d)	-	23,063
Total non-current liabilities		-	23,063
Total liabilities		4,110,789	5,299,293
Net assets		45,101,455	40,818,742
Equity			
Issued capital	10	42,553,037	39,409,263
Profits reserve	11	3,866,177	2,727,238
Accumulated losses	12	(1,317,759)	(1,317,759)
Total equity		45,101,455	40,818,742

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2018

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2016		35,263,028	(1,317,759)	2,610,458	36,555,727
Profit for the year		-	2,065,860	-	2,065,860
Transfer to profits reserve		-	(2,065,860)	2,065,860	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	10(b)	419,414	-	-	419,414
Shares issued via exercise of options	10(b)	3,775,813	-	-	3,775,813
Share issue costs (net of tax)	10(b)	(48,992)	-	-	(48,992)
Dividends paid	4(a)	-	-	(1,949,080)	(1,949,080)
Balance at 30 June 2017		39,409,263	(1,317,759)	2,727,238	40,818,742
Profit for the year		-	3,415,830	-	3,415,830
Transfer to profits reserve		-	(3,415,830)	3,415,830	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	10(b)	444,823	-	-	444,823
Shares issued via exercise of options	10(b)	2,698,951	-	-	2,698,951
Dividends paid	4(a)	-	-	(2,276,891)	(2,276,891)
Balance at 30 June 2018		42,553,037	(1,317,759)	3,866,177	45,101,455

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Proceeds from sale of investments		170,706,696	148,259,388
Payments for purchase of investments		(167,828,337)	(154,392,386)
Dividends received		915,671	891,468
Interest received		221,591	255,940
Other investment income received		492,361	782,717
Management fee (GST inclusive)		(490,559)	(430,161)
Performance fee (GST inclusive)		(734,975)	(1,139,721)
Brokerage expense on share purchases (GST inclusive)		(272,958)	(264,561)
Payments for administration expenses (GST inclusive)		(377,846)	(488,924)
Income tax paid		(727,485)	(358,875)
GST on brokerage expense on share sales		(17,302)	(14,795)
Net GST received from the ATO		123,821	146,287
Net cash provided by/(used in) operating activities	14	2,010,678	(6,753,623)
Cash flows from financing activities			
Dividends paid – net of reinvestment		(1,832,068)	(1,529,666)
Shares issued via exercise of options		2,698,951	3,775,813
Share issue costs		-	(69,989)
Net cash provided by financing activities		866,883	2,176,158
Net increase/(decrease) in cash and cash equivalents held		2,877,561	(4,577,465)
Cash and cash equivalents at beginning of financial year		11,396,915	15,974,380
Cash and cash equivalents at end of financial year	13	14,274,476	11,396,915
Non-cash transactions:			
Shares issued via dividend reinvestment plan		444,823	419,414

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2018

1. Significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

WAM Active Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 17 August 2018 by the Board of Directors.

WAM Active Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs except for financial assets and certain other financial assets and liabilities which have been measured at fair value. All amounts are presented in Australian dollars.

a) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

1. Significant accounting policies (cont'd)

a) Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

The Company classifies its financial instruments into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities such as borrowed stock is classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of comprehensive income in the period in which they arise.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party, whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of comprehensive income.

b) Income tax

The charge of current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

1. Significant accounting policies (cont'd)

b) Income tax (cont'd)

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and other term deposits maturing within four months or less.

d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less the provision for impairment. Please refer to Note 1(g) for further detail.

f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at their amortised cost.

g) Impairment of assets

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of financial position.

Cash flows are presented in the Statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1. Significant accounting policies (cont'd)

i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j) Critical accounting estimates and judgments

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgements that have a material impact on the Company's financial results for the year ended 30 June 2018. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

k) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Dividends

Dividends are recognised when declared during the financial year.

n) New standards and interpretations not yet adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company will not early adopt the new and amended pronouncements at this point in time. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: *Financial Instruments and its associated amending standards*.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) - *Financial Instruments: Recognition and Measurement*. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading. The new standard will be adopted for the reporting period commencing 1 July 2018.

2. Other revenue

	2018 \$	2017 \$
Australian sourced dividends	887,999	688,103
Trust distributions	556,872	749,693
Interest	229,046	236,247
Foreign sourced dividends	17,460	55,441
Underwriting fees	7,665	8,099
Other income	-	3,127
	1,699,042	1,740,710

3. Taxation

a) Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2018 \$	2017 \$
Prima facie tax on profit before income tax at 30% (2017: 30%)	1,326,993	805,760
Imputation credit gross up	137,534	98,779
Foreign income tax offset gross up	39	504
Imputation credit offset	(458,448)	(329,264)
Foreign income tax offset	(128)	(1,680)
Other non-assessable items*	1,490	45,907
	1,007,480	620,006
Effective tax rate	22.8%	23.1%

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income.

*Other non-assessable items primarily relate to timing differences on dividends received.

Total income tax expense results in a:

Current tax liability	1,050,812	598,047
Deferred tax liability	(23,063)	17,832
Deferred tax asset	(20,269)	4,127
	1,007,480	620,006

3. Taxation (cont'd)

b) Deferred tax assets

	2018 \$	2017 \$
Provisions	10,016	8,085
Capitalised share issue costs	13,054	17,941
Fair value adjustments	23,225	-
	46,295	26,026
Movement in deferred tax assets		
Balance at the beginning of the year	26,026	9,156
Capitalised share issue costs	-	20,997
Charged to the Statement of comprehensive income	20,269	(4,127)
At reporting date	46,295	26,026

c) Current tax liabilities

	2018 \$	2017 \$
Balance at the beginning of the year	401,327	162,155
Current year income tax expense on operating profit	1,050,812	598,047
Income tax paid	(727,485)	(358,875)
At reporting date	724,654	401,327

d) Deferred tax liabilities

	2018 \$	2017 \$
Fair value adjustments	-	21,466
Income provisions	-	1,597
	-	23,063
Movement in deferred tax liabilities		
Balance at the beginning of the year	23,063	5,231
Charged to the Statement of comprehensive income	(23,063)	17,832
At reporting date	-	23,063

4. Dividends

a) Ordinary dividends paid during the year

	2018 \$	2017 \$
Final Dividend FY2017: 2.75 cents per share fully franked at 30% tax rate, paid 27 October 2017 (Final dividend FY2016: 2.5 cents per share fully franked)	1,098,208	887,832
Interim Dividend FY2018: 2.85 cents per share fully franked at 30% tax rate, paid 27 April 2018 (Interim dividend FY2017: 2.75 cents per share fully franked)	1,178,683	1,061,248
	2,276,891	1,949,080

b) Dividends not recognised at year end

	2018 \$	2017 \$
In addition to the above dividends, since the end of the year, the Directors have declared a 2.85 cents per share fully franked dividend (2017: 2.75 cents per share fully franked) which has not been recognised as a liability at the end of the financial year:	1,184,896	1,067,078

c) Dividend franking account

	2018 \$	2017 \$
Balance of franking account at year end	294,255	84,132
Adjusted for franking credits arising from: - Estimated income tax payable	724,654	401,327
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4(b):	(507,813)	(457,319)
	511,096	28,140

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

5. Auditor's remuneration

	2018 \$	2017 \$
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	41,720	50,111
Other services provided by a related practice of the auditor:		
Taxation services	7,700	7,700
Other non-assurance services	-	3,973
	49,420	61,784

The Company's Audit and Risk Committee oversees the relationship with the Company's external auditors. The Audit and Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. Trade and other receivables

	2018 \$	2017 \$
Outstanding settlements	2,482,012	2,016,117
Investment income receivable	109,809	40,390
GST receivable	102,646	67,182
Other receivables	-	6,408
	2,694,467	2,130,097

Outstanding settlements are on the terms operating in the securities industry. These are non-interest bearing and require the settlement within two days of the date of a transaction. Investment income receivable relates to interest and trust distributions receivable at the end of the reporting period.

7. Financial assets

	2018 \$	2017 \$
Listed investments at fair value	32,107,347	32,005,726
Unlisted investments at fair value	89,659	559,271
	32,197,006	32,564,997

The market values of individual investments held at the end of the reporting period are disclosed on page 54 of the Annual Report.

8. Financial liabilities

	2018 \$	2017 \$
Borrowed stock	680,030	2,918,255

Borrowed stock is carried at fair value. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the gross value of the Portfolio of the Company as outlined in the Management Agreement.

9. Trade and other payables

	2018 \$	2017 \$
Outstanding settlements	1,281,073	1,094,506
Management fee payable	43,174	38,490
Performance fee payable	1,255,324	734,975
Sundry payables	126,534	88,677
	2,706,105	1,956,648

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days of the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

10. Issued capital

a) Paid-up capital

	2018 \$	2017 \$
41,575,290 ordinary shares fully paid (2017: 38,802,828)	42,553,037	39,409,263

b) Ordinary shares

	2018 \$	2017 \$
Balance at the beginning of the year	39,409,263	35,263,028
197,403 ordinary shares issued on 27 October 2017 under a dividend reinvestment plan	219,400	-
207,556 ordinary shares issued on 27 April 2018 under a dividend reinvestment plan	225,423	-
2,367,503 (2017: 3,312,115) ordinary shares issued from the exercise of options at \$1.14	2,698,951	3,775,813
Share issue costs (net of tax)	-	(48,992)
175,879 ordinary shares issued on 28 October 2016 under a dividend reinvestment plan	-	197,299
205,119 ordinary shares issued on 26 May 2017 under a dividend reinvestment plan	-	222,115
At reporting date	42,553,037	39,409,263

10. Issued capital (cont'd)

b) Ordinary shares (cont'd)

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings; otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this, management is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share placements, share purchase plans, options issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to manage the capital of the Company during the year. The Company is not subject to any externally imposed capital requirements.

d) Options

On 11 August 2016, the Company announced a one-for-one bonus option issue to all shareholders at no cost. A total of 34,992,362 options were allotted to shareholders on 19 September 2016. The options have an exercise price of \$1.14 per share and can be exercised at any time on or before 17 September 2018. The options are currently trading on the Australian Securities Exchange under the code WAAO. As at 30 June 2018, a total of 5,679,618 options had been exercised for a total consideration of \$6,474,764, with the remaining number of outstanding options being 29,312,744.

11. Profits reserve

	2018 \$	2017 \$
Profits reserve	3,866,177	2,727,238

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

	2018 \$	2017 \$
Movement in profits reserve		
Balance at the beginning of the year	2,727,238	2,610,458
Transfer of profits during the period	3,415,830	2,065,860
Final dividend paid (refer to note 4a)	(1,098,208)	(887,832)
Interim dividend paid (refer to note 4a)	(1,178,683)	(1,061,248)
At reporting date	3,866,177	2,727,238

12. Accumulated losses

	2018 \$	2017 \$
Balance at the beginning of the year	(1,317,759)	(1,317,759)
Transfer to profits reserve	(3,415,830)	(2,065,860)
Profit for the year attributable to members of the Company	3,415,830	2,065,860
At reporting date	(1,317,759)	(1,317,759)

13. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	2018 \$	2017 \$
Cash at bank	10,586,859	6,491,133
Term deposits	3,065,811	1,841,385
Cash collateral for borrowed stock	621,806	3,064,397
	14,274,476	11,396,915

The weighted average interest rate for cash and term deposits as at 30 June 2018 is 1.92% (2017: 1.88%). The term deposits have an average maturity of 66 days (2017: 28 days). All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating.

14. Cash flow information

	2018 \$	2017 \$
Reconciliation of operating profit after income tax:		
Profit after income tax	3,415,830	2,065,860
Fair value gains and movements in financial assets	(2,149,562)	(8,872,190)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(98,475)	209,891
(Increase)/decrease in deferred tax assets	(20,269)	4,127
Increase/(decrease) in payables	562,890	(418,315)
Increase in current tax liabilities	323,327	239,172
(Decrease)/increase in deferred tax liabilities	(23,063)	17,832
Net cash provided by/(used in) operating activities	2,010,678	(6,753,623)

15. Earnings per share

	2018 Cents per share	2017 Cents per share
Basic and diluted earnings per share	8.51	5.73
	2018 \$	2017 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	3,415,830	2,065,860
	2018 No.	2017 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	40,133,397	36,065,124

The Company currently has outstanding options which have the potential to convert to ordinary shares. As the average share price for the year to 30 June 2018 is less than the option exercise price, they are currently not dilutive in amount and therefore have not been considered for the diluted earnings per share calculation.

16. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk, consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks during the year.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis, the investment team meet twice weekly basis to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging with them.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of financial position, is the carrying amount net of any provision for impairment of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk on an ongoing basis.

16. Financial risk management (cont'd)

a) Credit risk (cont'd)

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with major Australian banks and their 100% owned banking subsidiaries that have a Standard and Poor's short rating of A-1+ and long-term rating of AA-. The majority of all maturities for cash and term deposits are within three months.

None of the assets exposed to credit risk are overdue or considered to be impaired.

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed respectively by the Manager and the Board.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received and the exercise of options or other capital management initiatives that may be implemented by the Board from time to time.

The Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore, the assets of the Company are largely in the form of tradeable securities which, where liquidity is available, can be sold on market when, and if required.

The following table reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2018	>1 month \$	<1 month \$	Total \$
Liabilities			
Financial liabilities	-	680,030	680,030
Trade and other payables	-	2,706,105	2,706,105
Total	-	3,386,135	3,386,135

16. Financial risk management (cont'd)

b) Liquidity risk (cont'd)

30 June 2017	>1 month \$	<1 month \$	Total \$
Liabilities			
Financial liabilities	-	2,918,255	2,918,255
Trade and other payables	-	1,956,648	1,956,648
Total	-	4,874,903	4,874,903

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests in securities which are not risk free, as the market price of these securities can fluctuate.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its term deposits mature within three months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2018	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.92%	14,274,476	-	14,274,476
Trade and other receivables		-	2,694,467	2,694,467
Financial assets		-	32,197,006	32,197,006
Total		14,274,476	34,891,473	49,165,949
Liabilities				
Financial liabilities		-	680,030	680,030
Trade and other payables		-	2,706,105	2,706,105
Total		-	3,386,135	3,386,135

16. Financial risk management (cont'd)

c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

30 June 2017	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1.88%	11,396,915	-	11,396,915
Trade and other receivables		-	2,130,097	2,130,097
Financial assets		-	32,564,997	32,564,997
Total		11,396,915	34,695,094	46,092,009
Liabilities				
Financial liabilities		-	2,918,255	2,918,255
Trade and other payables		-	1,956,648	1,956,648
Total		-	4,874,903	4,874,903

(ii) Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of comprehensive income, all changes in market conditions will directly affect net investment income. Due to the short-term nature of receivables and payables, the carrying amounts of these financial assets and financial liabilities approximate their fair values.

The Manager seeks to manage and reduce the market risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily, and the risk managed on a daily basis. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

16. Financial risk management (cont'd)

c) Market risk (cont'd)

(ii) Other price risk (cont'd)

The Company's industry sector weighting of gross assets as at 30 June 2018 is as below:

Industry sector	2018 %	2017 %
Consumer discretionary	20.6	14.9
Financials	19.2	25.6
Industrials	9.9	9.6
Real estate	8.7	-
Consumer staples	3.3	4.0
Materials	2.5	2.8
Information technology	1.8	10.8
Energy	1.4	0.5
Health care	0.8	9.2
Total	68.2	77.4

There were no securities representing over 5 per cent of gross assets at 30 June 2018 (2017: the Company held 5.4% of the gross assets in Pengana International Equities Limited).

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to market risk. This analysis demonstrates the effect on current year net assets after tax as a result of a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 68.2% (2017: 77.4%) of gross assets at year end. A 5% movement in the market value of each of the investments within the portfolio would result in a 2.4% (2017: 2.5%) movement in the net assets after tax. This would result in the 30 June 2018 net asset backing after tax moving by 2.6 cents per share (2017: 2.7 cents per share).

16. Financial risk management (cont'd)

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Included within Level 2 of the hierarchy are unlisted investments which have been valued using valuation techniques such as comparisons to similar investments for which market observable prices are available, the net asset backing per share or the last sale price to determine fair value.

There were no transfers between Level 1 and Level 2 during the year (2017: nil).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2018				
Financial assets	32,107,347	89,659	-	32,197,006
Financial liabilities	(680,030)	-	-	(680,030)
Total	31,427,317	89,659	-	31,516,976
30 June 2017				
Financial assets	32,005,726	559,271	-	32,564,997
Financial liabilities	(2,918,255)	-	-	(2,918,255)
Total	29,087,471	559,271	-	29,646,742

17. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 4,555 (2017: 5,407). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$527,429 (2017: \$449,464).

18. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

19. Capital commitments

There are no capital commitments as at 30 June 2018 (2017: nil).

20. Contingent liabilities

There are no contingent liabilities as at 30 June 2018 (2017: nil).

21. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

- Geoff Wilson AO Chairman
- Kate Thorley Director
- Emma Ruge-Price Director (appointed 7 March 2018)
- Matthew Kidman Director
- Chris Stott Director
- John Abernethy Director (resigned 7 March 2018)

On 3 July 2018, the Company announced the appointment of Karina Kwan to the Board of Directors and the resignations of Chris Stott and Matthew Kidman.

a) Remuneration

There are no executives that are paid by the Company. Individual Directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on page 17, as required by Corporations Regulations 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2018	82,265	7,817	90,082
Total Directors remuneration paid by the Company for the year ended 30 June 2017	82,190	7,810	90,000

21. Key management personnel compensation (cont'd)

b) Share and option holdings

At 30 June 2018, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2017	Acquisitions	Disposed	Balance at 30 June 2018
Geoff Wilson	1,113,892	-	-	1,113,892
Matthew Kidman*	468,329	24,181	-	492,510
Chris Stott*	34,174	6,694	-	40,868
Kate Thorley	44,800	8,113	-	52,913
Emma Ruggie-Price (appointed 7 March 2018)	-	-	-	-
	1,661,195	38,988	-	1,700,183

Options held Directors	Balance at 30 June 2017	Acquisitions	Options exercised/disposed	Balance at 30 June 2018
Geoff Wilson	1,113,892	-	-	1,113,892
Matthew Kidman*	446,772	-	-	446,772
Chris Stott*	28,317	-	-	28,317
Kate Thorley	37,634	-	-	37,634
Emma Ruggie-Price (appointed 7 March 2018)	-	-	-	-
	1,626,615	-	-	1,626,615

At 30 June 2017, the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary shares held Directors	Balance at 30 June 2016	Acquisitions	Disposed	Balance at 30 June 2017
Geoff Wilson	1,103,892	10,000	-	1,113,892
Matthew Kidman*	446,772	21,557	-	468,329
Chris Stott*	28,317	5,857	-	34,174
Kate Thorley	37,634	7,166	-	44,800
John Abernethy*	60,000	-	50,000	10,000
	1,676,615	44,580	50,000	1,671,195

Options held Directors	Balance at 30 June 2016	Bonus issue allotment	Options exercised/disposed	Balance at 30 June 2017
Geoff Wilson	-	1,113,892	-	1,113,892
Matthew Kidman*	-	446,772	-	446,772
Chris Stott*	-	28,317	-	28,317
Kate Thorley	-	37,634	-	37,634
John Abernethy*	-	60,000	60,000	-
		1,686,615	60,000	1,626,615

*John Abernethy resigned as Director of WAM Active Limited on 7 March 2018 and Matthew Kidman and Chris Stott resigned on 3 July 2018. On resignation, John, Matthew and Chris held 10,000, 492,510 and 40,868 ordinary shares in the Company respectively while Matthew and Chris held 446,772 and 28,317 options respectively.

22. Related party transactions

All transactions with related parties during the year were made on normal commercial terms and conditions and at market rates.

The Company has an investment management agreement with MAM Pty Limited. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active Limited. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as the Manager, and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$495,243 inclusive of GST (2017: \$433,909). At 30 June 2018, the balance payable to the Manager was \$43,174 inclusive of GST (2017: \$38,490).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% (plus GST) of the increase in the gross value of the portfolio above the high-water mark.

The high-water mark is the greater of:

- the highest gross value of the portfolio as at the last day of the last performance period for which a performance fee was last paid or payable; and
- the gross proceeds raised from the issue of shares pursuant to the original prospectus.

If the gross value of the portfolio falls below a previous high-water mark then no further performance fees can be accrued or paid until the loss has been fully recovered. At 30 June 2018, a performance fee of \$1,255,324 inclusive of GST was payable to MAM Pty Limited (2017: \$734,975).

Wilson Asset Management (International) Pty Limited has a service agreement in place with WAM Active Limited to provide accounting and Company Secretarial services on commercial terms. For the year ended 30 June 2018, the fee for accounting services amounted to \$46,200 inclusive of GST (2017: \$46,200) and the fee for Company Secretarial services amounted to \$16,500 inclusive of GST (2017: \$16,500). Entities associated with Geoff Wilson hold 100% of the issued shares of Wilson Asset Management (International) Pty Limited.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company of the Director or with a firm of which he/she is a member or with a Company in which he/she has substantial financial interest.

23. Events subsequent to reporting date

Since the end of the year, the Directors declared a fully franked final dividend of 2.85 cents per share to be paid on 26 October 2018.

On 3 July 2018, the Company announced the appointment of Karina Kwan to the Board of Directors and the resignations of Chris Stott and Matthew Kidman.

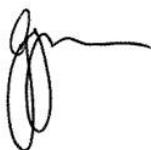
No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

The Directors of WAM Active Limited declare that:

- 1) The financial report as set out in pages 24 to 47 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 17 to 19, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2018 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and
- 2) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, MAM Pty Limited declaring that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Geoff Wilson AO
Chairman

Dated in Sydney this 17th day of August 2018

**Independent Auditor's Report
To the Members of WAM Active Limited
ABN 49 126 420 719**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WAM Active Limited ("the Company"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of WAM Active Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independent Auditor’s Report
To the Members of WAM Active Limited
ABN 49 126 420 719**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. We have communicated the key audit matters to the Audit and Risk Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit and Risk Committee. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p><i>Existence and valuation of Financial Assets and completeness of Financial Liabilities</i> <i>Refer to Note 7: Financial Assets, Note 8: Financial Liabilities</i></p>	
<p>We focused our audit effort on the completeness, valuation and existence of the Company’s financial assets and financial liabilities as they are its largest asset and liability and represent the most significant driver of the Company’s Net Tangible Assets and profits.</p> <p>Investments mostly consist of listed Australian securities and some unlisted Australian securities. Investments are valued by multiplying the quantity held by the respective market price, cost or estimated value per security for unlisted investments.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the investment management process and controls; ▪ Reviewing and evaluating the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodians; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit reports relate and where necessary performing additional procedures; ▪ Obtaining a confirmation of the investment holdings directly from the Custodians; ▪ Assessing the Company’s valuation of individual investment holding to independent sources; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; ▪ Assessing the adequacy of disclosures in the financial statements.

**Independent Auditor's Report
To the Members of WAM Active Limited
ABN 49 126 420 719**

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<i>Accuracy of Management and Performance Fees</i> <i>Refer to Note 9: Trade and other payables, Note 22: Related party transactions</i>	
<p>We focused our audit effort on the accuracy of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments for major events such as payment of company dividends and taxes, capital raisings and capital reductions in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition, to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements; ▪ Testing key inputs used in the calculation of management and performance fees and performing a recalculation in accordance with our understanding of the Investment Management Agreement; ▪ Assessing the adequacy of disclosures made in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Independent Auditor's Report
To the Members of WAM Active Limited
ABN 49 126 420 719**

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent Auditor's Report
To the Members of WAM Active Limited
ABN 49 126 420 719**

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 19 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of WAM Active Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



C I Chandran
Partner



Pitcher Partners
Sydney

17 August 2018

Investments at market value as at 30 June 2018

Company Name	Code	Market Value \$	% of Gross Assets
Consumer discretionary			
Greencross Limited	GXL	1,440,078	3.0%
Southern Cross Media Group Limited	SXL	1,132,302	2.4%
HT&E Limited	HT1	995,860	2.1%
The Star Entertainment Group Limited	SGR	900,425	1.9%
ARB Corporation Limited	ARB	852,859	1.8%
Super Retail Group Limited	SUL	844,263	1.8%
Fairfax Media Limited	FXJ	841,247	1.8%
WPP AUNZ Limited	WPP	779,686	1.7%
APN Outdoor Group Limited	APO	778,864	1.6%
Macquarie Media Limited	MRN	490,934	1.0%
Nick Scali Limited	NCK	458,360	1.0%
oOh!Media Limited	OML	217,929	0.5%
Fleetwood Corporation Limited	FWD	6,399	0.0%
		9,739,206	20.6%
Financials			
Pengana International Equities Limited	PIA	2,086,442	4.4%
Templeton Global Growth Fund Limited	TGG	1,848,472	3.9%
Wealth Defender Equities Limited	WDE	1,161,814	2.5%
Janus Henderson Group Plc	JHG	906,503	1.9%
Westoz Investment Company Limited	WIC	590,173	1.2%
NAOS Small Cap Opportunities Company	NSC	502,742	1.1%
Concentrated Leaders Fund Limited	CLF	361,277	0.8%
Money3 Corporation Limited	MNY	245,985	0.5%
IOOF Holdings Limited	IFL	221,100	0.5%
Keybridge Capital Limited	KBC	187,316	0.4%
Contango Income Generator Limited	CIE	184,935	0.4%
Evans Dixon Limited	ED1	121,776	0.3%
Hastings High Yield Fund	HHY	103,193	0.2%
BKI Investment Company Limited	BKI	95,313	0.2%
8IP Emerging Companies Limited	8EC	86,386	0.2%
AMP Capital China Growth Fund [†]	AGF	81,659	0.2%
Moelis Australia Limited	MOE	73,845	0.1%
Ozgrowth Limited	OZG	63,112	0.1%
Argo Global Listed Infrastructure Limited	ALI	56,281	0.1%
Ironbark Capital Limited	IBC	45,386	0.1%
Credit Corp Group Limited	CCP	33,719	0.1%
Ask Funding Limited	AKF	11,587	0.0%
Perpetual Limited	PPT	6,989	0.0%
		9,076,005	19.2%

Company Name	Code	Market Value \$	% of Gross Assets
Industrials			
Austal Limited	ASB	1,489,977	3.1%
Seven Group Holdings Limited	SVW	1,301,804	2.8%
Downer EDI Limited	DOW	695,330	1.5%
GWA Group Limited	GWA	473,358	1.0%
Cabcharge Australia Limited	CAB	410,599	0.9%
John Lyng Group Limited	JLG	190,566	0.4%
CIMIC Group Limited	CIM	124,193	0.2%
DMX Corporation Limited [†]	DMX	8,000	0.0%
		4,693,827	9.9%
Real estate			
Aveo Group	AOG	1,890,071	4.0%
360 Capital Group Limited	TGP	972,723	2.0%
Peet Limited	PPC	853,384	1.8%
Ingenia Communities Group	INA	408,383	0.9%
		4,124,561	8.7%
Consumer staples			
Bega Cheese Limited	BGA	1,150,143	2.4%
Bubs Australia Limited	BUB	192,643	0.4%
Costa Group Holdings Limited	CGC	142,882	0.3%
Webster Limited	WBA	66,405	0.2%
		1,552,073	3.3%
Materials			
Boral Limited	BLD	472,733	1.0%
MACA Limited	MLD	450,024	1.0%
Aurelia Metals Limited	AMI	244,131	0.5%
		1,166,888	2.5%
Information technology			
Afterpay Touch Group Limited	APT	843,529	1.8%
		843,529	1.8%
Energy			
Santos Limited	STO	635,910	1.4%
		635,910	1.4%
Health care			
Estia Health Limited	EHE	304,223	0.7%
Paragon Care Limited	RMD	60,784	0.1%
		365,007	0.8%
Total long portfolio		32,197,006	68.2%
Total cash, income receivable and net outstanding settlements		15,684,803	33.2%
Total short portfolio		(680,030)	(1.4%)
Gross assets		47,201,779	

[†]Unlisted investment.

The total number of stocks held at the end of the financial year was 61.

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (at 30 June 2018) - there are currently no substantial shareholders.

On-market buy back (at 30 June 2018) - there is no current on-market buy back.

Distribution of shareholders (as at 30 June 2018)

Category	Number of shareholders	Number of option holders
1 – 1,000	167	142
1,001 – 5,000	401	262
5,001 – 10,000	318	162
10,001 – 100,000	799	393
100,001 and over	61	47
	1,746	1,006

The number of shareholdings held in less than marketable parcels is 51.

Twenty largest shareholders – Ordinary shares (as at 30 June 2018)

Name	Number of ordinary shares held	% of issued capital held
Entities associated with Mr Geoff Wilson	1,093,892	2.4
Sanolu Pty Limited	722,153	1.7
Mr PM & Mrs VM Antaw	532,827	1.3
Entities associated With Mr Matthew Kidman	492,510	1.2
Edington Pty Limited	461,000	1.1
Mr R Tooher	420,954	1.0
Trophy Components Distributors Pty Limited	400,000	1.0
I & R Simpson Super Pty Limited	367,162	0.9
Mr R Miller	280,000	0.7
Vohra Holdings Pty Limited	250,000	0.6
Tiger Lane Pty Limited	220,000	0.5
Mr GL & Mrs J Herring	219,039	0.5
Cooltrac Pty Limited	211,273	0.5
Mr KA & Mrs BM Tunks	200,250	0.5
Uplands Holdings Pty Limited	200,000	0.5
Distad Pty Limited	200,000	0.5
Ichiban Superannuation Pty Limited	200,000	0.5
HSBC Custody Nominees (Australia) Limited	183,507	0.4
Mr C & Mrs L Sartori	178,916	0.4
Bulman Super Pty Limited	177,716	0.4
	7,011,199	16.6

Twenty largest option holders – Options (as at 30 June 2018)

Name	Number of options held	% of options held
BNP Paribas Nominees Pty Limited	2,124,412	7.2
Entities associated with Mr Geoff Wilson	1,093,892	3.7
Consort Investments Pty Limited	862,000	2.9
Sanolu Pty Limited	722,153	2.5
Affluence Funds Management Limited	502,463	1.7
Mr JH Milner & Mrs R Milner	464,682	1.6
Entities associated with Mr Matthew Kidman	446,772	1.5
Trophy Assets Pty Limited	400,000	1.4
Mr S Guang Wang	360,000	1.2
Ingarsby Pty Limited	315,000	1.1
Twinlight Super Pty Limited	300,000	1.0
Mrs LJ & Mr JN Mason	270,000	0.9
Mr M Woodhart	240,000	0.8
Gracent Holdings Pty Limited	230,000	0.8
Distad Pty Limited	220,000	0.8
Mr GL & Mrs J Herring	219,039	0.7
Lobban Investments Pty Limited	210,715	0.7
Uplands Holdings Pty Limited	200,000	0.7
Vohra Holdings Pty Limited	200,000	0.7
Mr RJ & Mrs KJ Hawes	193,000	0.7
	9,574,128	32.6

Stock Exchange Listing

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.

Wilson

Asset Management

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