



WAM ACTIVE LIMITED
ABN 49 126 420 719
CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING

Delivered by Geoffrey Wilson at the Annual General Meeting of shareholders held at Lyceum Theatre, Wesley Centre, Sydney on Wednesday 16 November 2011.

Introduction

Good morning, welcome to the fourth Annual General Meeting of WAM Active Limited (WAM Active). Thank you for your attendance and support since WAM Active listed in January 2008.

My name is Geoff Wilson, I am the Chairman of the Board of Directors and I will be chairing the meeting today. Before I commence today's proceedings I would like to introduce the other members of the Board – Matthew Kidman, Ron Walker and John Abernethy.

Also joining us to address questions regarding the Financial Statements are our auditors, Jenelle Webster and Sylvia Wallace from Moore Stephens.

Financial Performance

On behalf of the Directors, I am pleased to report that your company produced another sound result for shareholders while navigating difficult and volatile markets. As an absolute return fund, we are pleased to deliver another positive result.

WAM Active's operating profit before tax, for the year to 30 June 2011 was \$1.1million, and operating profit after tax was \$1.2 million. The result reflected the solid performance of the investment portfolio over the year. Under accounting standards, unrealised gains and losses are added to or reduced from operating profit. This can lead to variations in reported profits from one year to the next. The Board and the Manager believe the more appropriate performance measures are as follows:

Gross Portfolio Return

The first performance measure is used to show how the Investment Manager has performed. This measure is a before all tax and costs and can be compared to an index which is also a before tax and costs measure. For the year to 30 June 2011, WAM Active's gross portfolio increased 11.5%, while the S&P/ASX All Ordinaries Accumulation Index increased by 12.2%. This was achieved whilst holding an average equities weighting of 44.8%.

Net Asset Return

The second measure of performance is the movement in underlying net assets (NTA) after taxes and all costs. This performance shows the change in the value of the assets which belong to the shareholders over the 12 month period. Corporate tax, being 30%, is the most significant item of difference between the gross and the net asset performance. The franking credits attached to this corporate tax paid, are available to be distributed to shareholders through fully franked dividends along with franking credits received from dividend income. WAM Active's after tax NTA, adjusted for dividends, increased 5.6% for the year to 30 June 2011. This was after the payment of 3.4 cents a share in corporate tax.

Share Price Return

The third measure of performance is the share price return. The share price, adjusted for dividends paid to shareholders during the course of the year, rose 12.3% for the year to 30 June 2011. This outperformed the NTA performance due to the closing of the share price discount to NTA as at 1 July 2010.

The above performance measures of WAM Active were achieved while being on average 44.8% invested in equities, with the balance of 55.2% being held in cash and term deposits with Australian banks. The return on our equity portion of the portfolio was 19.3% while the return on our cash was 5.2%.

Since listing, the fund has preserved capital and generated gross performance of 12.3% p.a., which is a 17.9% p.a. outperformance of the S&P/ASX All Ordinaries Accumulation Index.

Set out below is the performance of WAM Active since listing to 31 October 2011. The performance data is before all expenses, fees and taxes and is used as a guide to how the company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index, which is also a before tax and expenses measure.

Gross Performance	WAM Active	S&P/ASX All Ordinaries Accumulation Index	Outperformance
1 Year	+7.0%	-3.9%	+10.9%
2 Years	+4.3%	+0.9%	+3.4%
Since Inception	+12.3%	-5.6%	+17.9%

Note: The figures in the above table represent annualised performance.

For the 4 months to October 2011, the portfolio increased 1.7% versus a decline in the S&P/ASX All Ordinaries Accumulation Index of 4.9%, giving an outperformance of 6.6%.

Dividends

The Board's policy of paying a growing stream of fully franked dividends was continued during the financial year with a 33% increase in the full year dividend to 8.0 cents per share fully franked. This consisted of a fully franked 4.0 cents per share interim dividend and a fully franked 4.0 cents per share final dividend.

Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits. Providing the company is deemed solvent by the Board, WAM Active should always be in a position to pay dividends. WAM Active currently has franking credits which allow it to pay a dividend equivalent to 9.7 cents per share.

Capital Management

The Board continues its commitment to grow the Company's market capitalisation from its current levels to at least \$100m over the coming years while continuing to generate strong investment results.

Outlook

We believe that equity markets around the world will continue to be influenced by a decade of deleveraging. As this occurs, markets will continue to experience extreme volatility. This has been evident in the first quarter of this new financial year.

Themes emerging from the latest reporting season were negative and included a weakening consumer environment, rising cost pressures, the impact of the higher Australian dollar, and increasing regulatory risk as can be seen by the introduction of the Resource Rent Tax and the Carbon Tax. In this environment, we believe the risk of earnings expectations not being achieved in the current year is high.

In the year ahead, we envisage trading opportunities will continue to be focused on takeovers, short selling, earnings surprises: positive and negative and relative value arbitrages: discount to NTA. In the current market environment opportunities with capital raisings will be limited.

Assuming the current global uncertainty and volatility continues, we will continue to focus on identifying lower risk plays. While this will protect capital, it may also curtail portfolio returns. WAM Active's portfolio currently holds 35% in cash on deposit with Australian banks which is available for investment as trading opportunities present themselves.

Appreciation

On behalf of the shareholders, Board and the staff at Wilson Asset Management, we would like to take this opportunity to thank Matthew Kidman for his invaluable contribution at Wilson Asset Management over the last 13 years. We wish him every success in his future endeavours and look forward to continuing to work with him in his capacity as Director.

We would also like to thank Chris Cuffe for his contribution to the Company as a Director since November 2007 and wish Chris every success with his new role as Chairman of UniSuper Limited. UniSuper is one of Australia's largest industry super funds and the increased time commitment for this role has resulted in Chris stepping down as a Director of WAM Active.

I would also like to thank the team at Wilson Asset Management for their considerable efforts and my fellow Board members for their valued contributions.

Finally, I extend my thanks to our loyal shareholders for their continuing support.