

WAM ACTIVE LIMITED

(WAA)

A.B.N. 49 126 420 719



Presentation
November 2010

What is WAM Active



- An active investor in listed Australian equities
- High turnover, actively managed portfolio
- Concentrates on:
 - Corporate transactions
 - Capital raisings (participated in 169 capital raisings in 2009/10 and 77 in the last 4 months)
 - Block trades
 - Discount to assets
 - Takeover arbitrage
 - Short selling
 - Asset Allocation

Objectives



- To payout a consistent and growing stream of fully franked dividends
- To achieve capital growth with minimum risk
- Preserve shareholders capital
- To grow the funds under management

What the WAM Group delivers



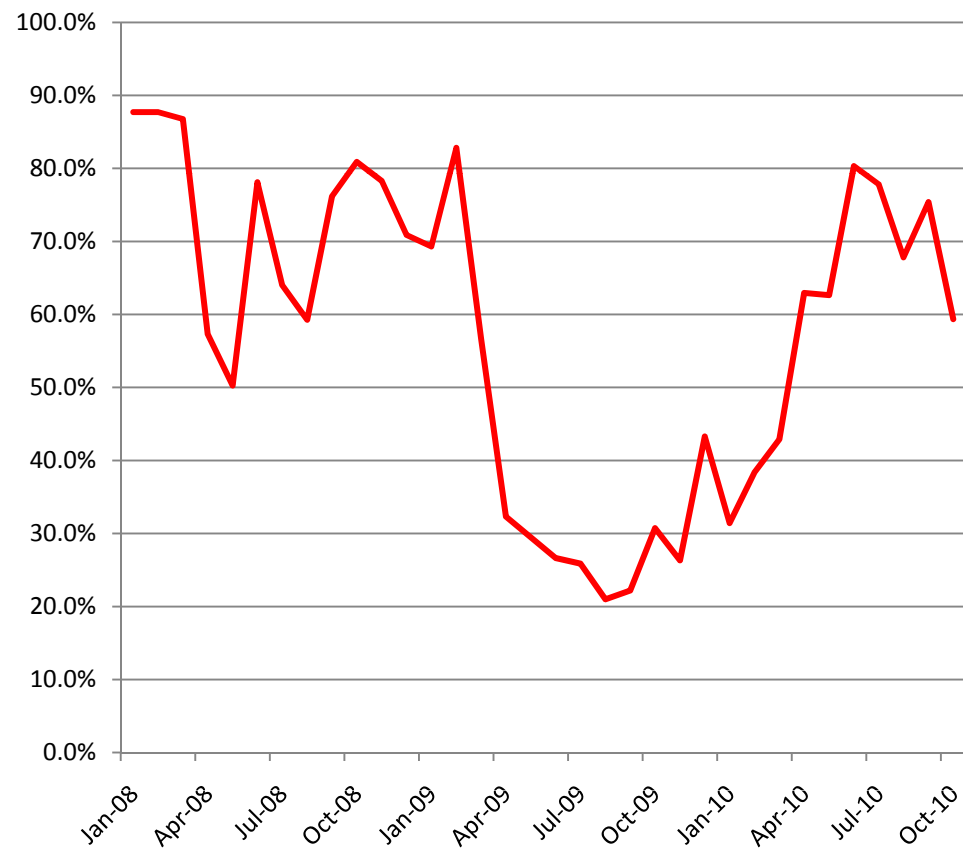
- Quick decision making
- Bottom up approach
- Staying very close to the market and investee companies
- Strong risk adjusted returns
- Significant market experience
- Closed end fund avoiding being forced seller and buyer at inappropriate times

Risk Profile



- Reverts to cash if no trades identified. The fund has averaged 58% of cash since listing
- Cash was 30.7% in Oct 2009, cash 59.4% in Oct 2010
- Usual purchased positions 6%, 4%, 2% or less
- Use stop losses
- Can short sell
- Actively managed - turnover of equity portfolio 10.7x
- No bank debt – no current intention of gearing the fund

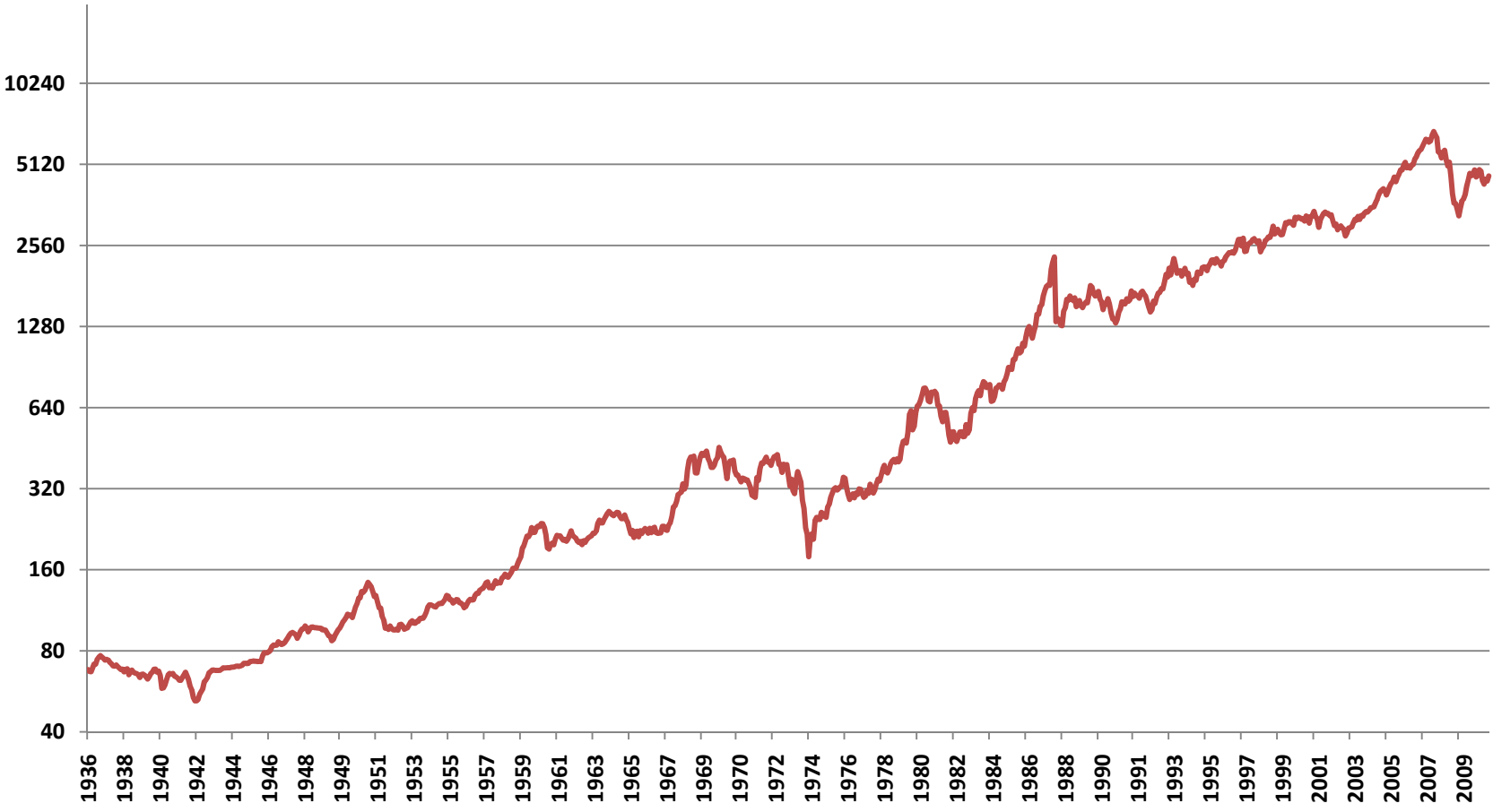
Percentage in Cash





Markets

S&P/ASX All Ordinaries Index since 1936



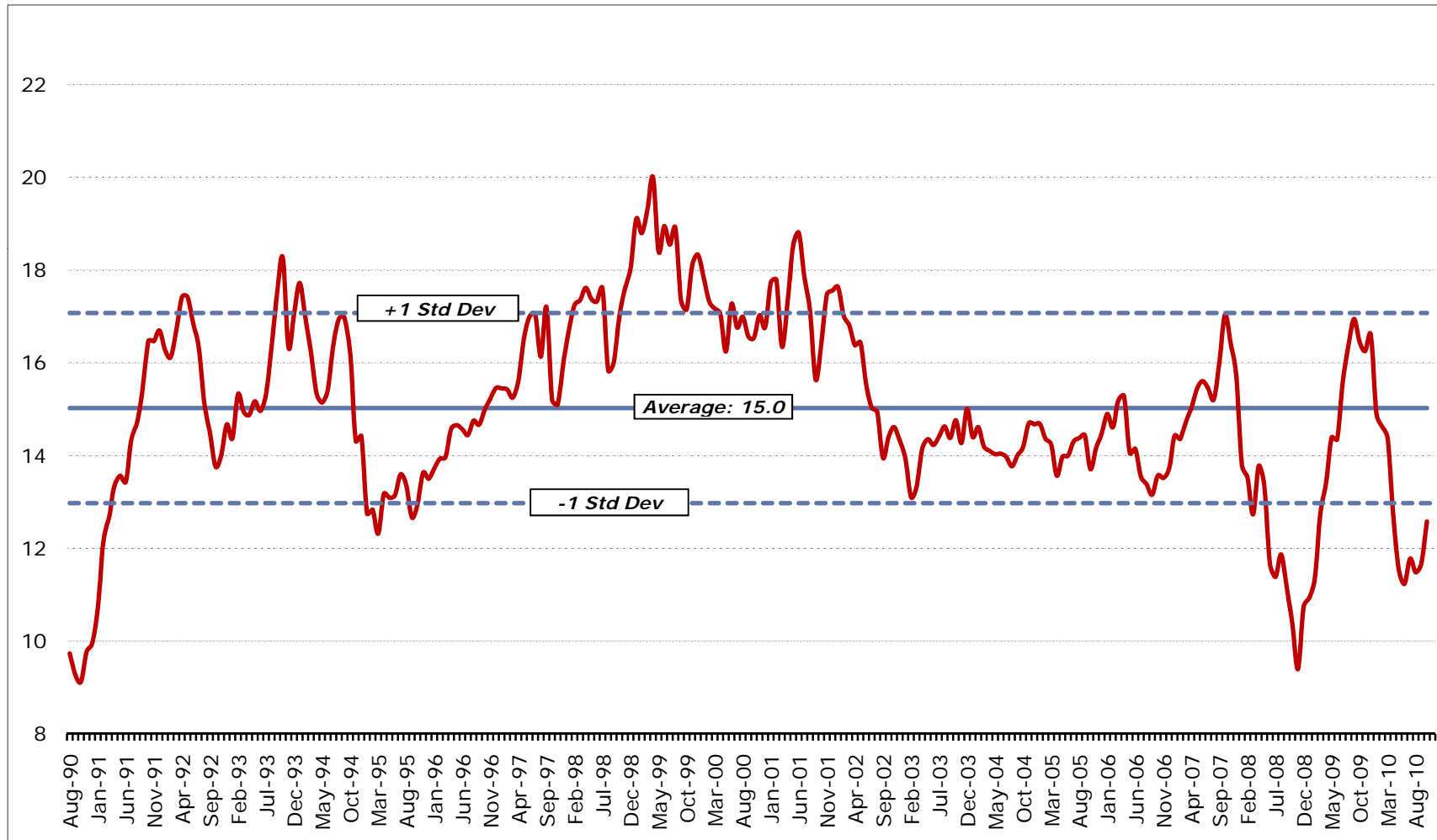
Source: Macquarie Securities

S&P/ASX All Ordinaries Chart

- 12 months to 12 November 2010



ASX 300 Prospective PER – Rolling 12 months forward



Source: GS&PA Research estimates



Financial Highlights

Summary of Results



	FY10 \$m	FY09 \$m
Income	4.3	1.7
Operating profit after tax	2.1	0.6
Operating profit per share	13.7c	4.2c

Key Factors

- Portfolio performance
FY09 +9.6% (All Ords Accum Index - 22.2%)
FY10 +22.7% (All Ords Accum Index +13.8%)
- Dividends & distributions received increased 54%
- Interest income declined 34% as average cash levels decreased to 40.3% from prior year level of 60.2%
- Management fees increased as FUM ↑
- Performance fee based on investment performance above high watermark.
- Other operating expenses increased marginally due to increased custody fees (↑ transactions), ASX listing fees (based on market cap) and share registry (FY10 comm. dividends)

Performance – Attribution



Trade Type	Contribution to Total Performance	Return on Capital Deployed
Block trades at discount	4.3%	17.6%
IPO/Capital raising	29.2%	8.4%
Takeover	2.5%	6.3%
Oversold position/trading/asset allocation	23.1%	2.6%
Short Selling	10.2%	15.3%
LIC arbitrage	-0.2%	-0.8%
Valuation (low P/E, discount to NTA)	30.7%	15.5%
Total: 100%		

* The performance above is based on the FY2010.

Performance at 31 October 2010



Annualised performance	Gross Portfolio*	S&P/ASX All Ordinaries Accumulation Index	Outperformance
1 year	+1.7%	+5.9%	-4.2%
2 years	+25.5%	+13.9%	+11.7%
Since inception	+14.2%	-6.2%	+20.4%

Financial Year to Date Return to 31 October 2010

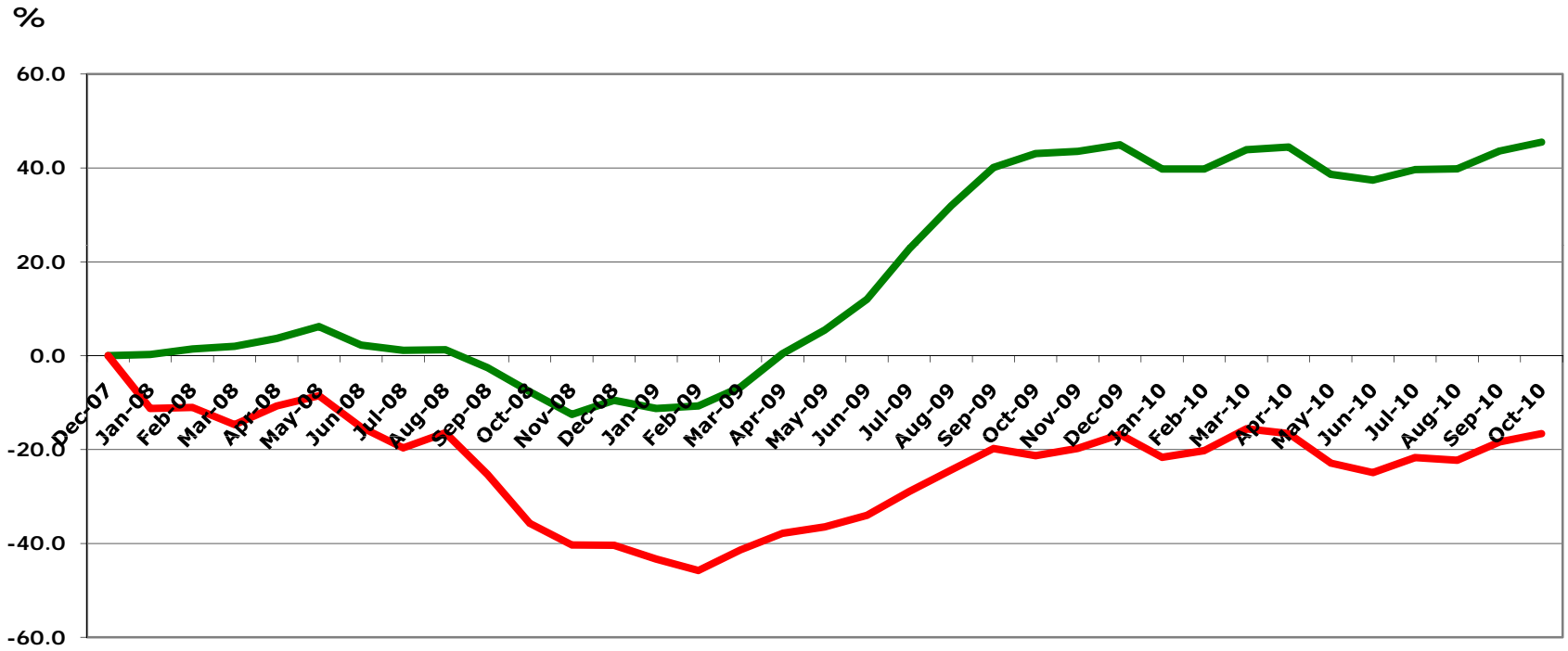


Gross Portfolio*	+5.9%
Pre-tax NTA per share growth plus dividends	+0.7%**
Share price growth plus dividends	+7.2%

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

** *After the payment of 3.4 cents of tax in July.*

Performance



— WAM Active Limited - Gross Portfolio before all expenses, fees, taxes and dividends
— S&P/ASX All Ordinaries Accumulation Index



Dividends

Dividends

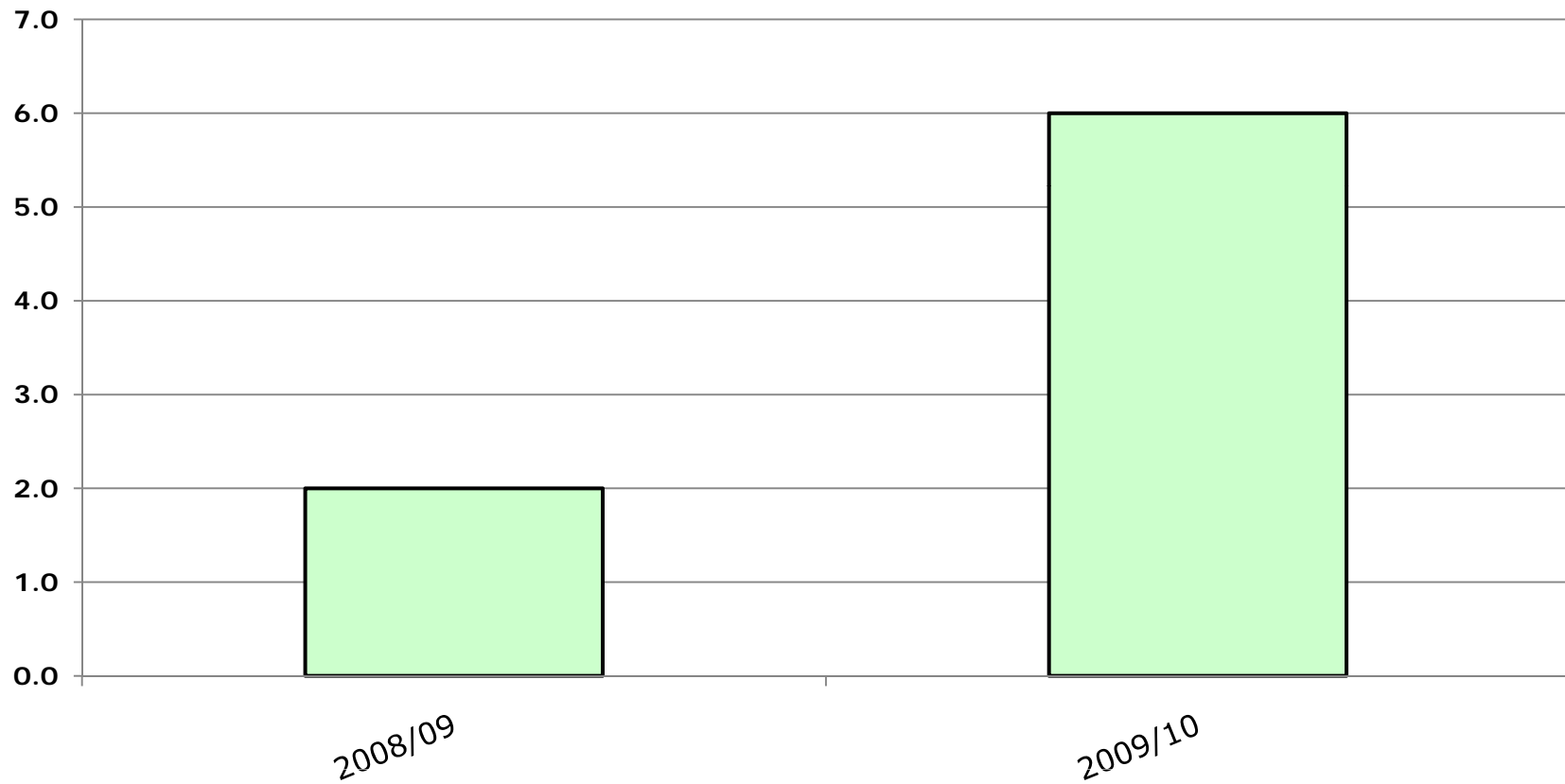


- Government reform in June 2010 - has changed the way dividends are paid
- Dividends no longer affected by movement in value of the portfolio
- Dividends can be paid if the company is solvent
- WAA has franking credits of 8.84 cents per share as of 31 October 2010

Dividends



cents per share





Option Issue

Option Issue



- 1 for 1 option issue strike price at \$1.15, expires 30 April 2011 (ASX:WAAO)
- NTA before tax as at the end of October \$1.14
- Looking to increase the size of the fund
- Expect future capital management



Stock Selection

Trafalgar Corporate - TGP



- Property development and funds management business
- NTA \$1.54 as at 30 June 2010
- Strategic realisation of assets underway.
- Distributions to commence once debt <\$40m



Equinox Minerals and Citadel Resources Group



- Takeover Arbitrage
- Offer: 10.5 cents cash and 1 Equinox share for every 14.3 Citadel shares
- Buy Citadel and short Equinox
- Annualised Return: 14%



Outlook

Current Issues



- QR National Float
- Westfield Demerger
- Interest Rates and Banks
- Telstra and National Broadband Network
- ASX Takeover

Looking ahead



- Portfolio well positioned
- Confident of opportunities ahead
- Increase in M&A Activity
- Significant number of discounted capital raisings
- Positioned for extreme valuation opportunities
- Ripoll review

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