

WAM Active Limited (WAA)



SUPERIOR RETURNS FROM GROWTH COMPANIES

- more opportunities
- more value
- more dividends



Unchartered Waters



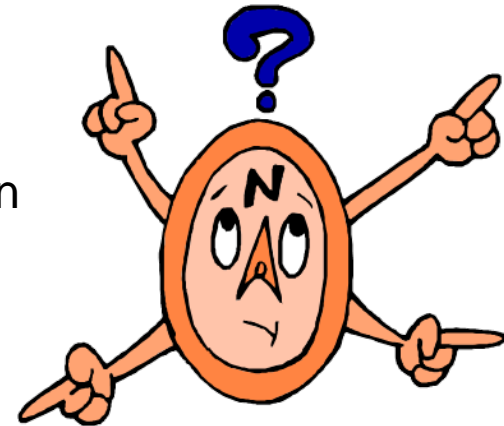
- The European debt crisis continues to create uncertainty
- Widespread sovereign and bank vulnerability in Europe
- Some European Governments unable to access capital markets
- European stability funds not large enough
- Emergence of so called “Zombie Banks” in Europe
- China appears unwilling to use their \$3 trillion of Euro reserves
- The political resolve of the Europe Union members is being tested



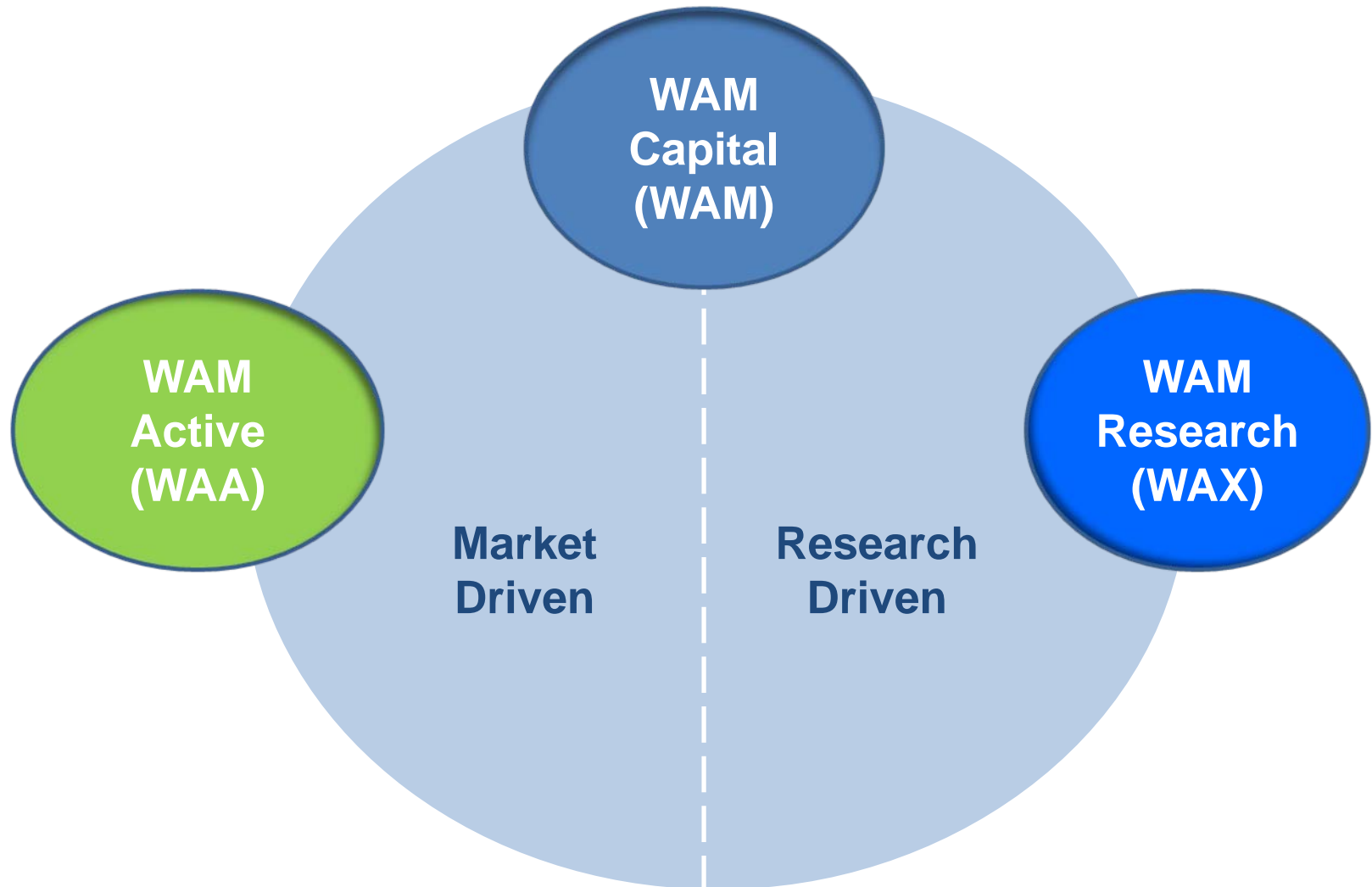
Current State of Play



- Governments in the developed world have to implement austerity measures
- The US economy appears to be recovering slowly
- Over 25% of US homeowners still having negative equity in their homes
- China remains strong with inflation appearing to be under control
- Ireland and Portugal re-financing in 2012
- Australian consumer sentiment is still poor



Our Funds



Investment Process

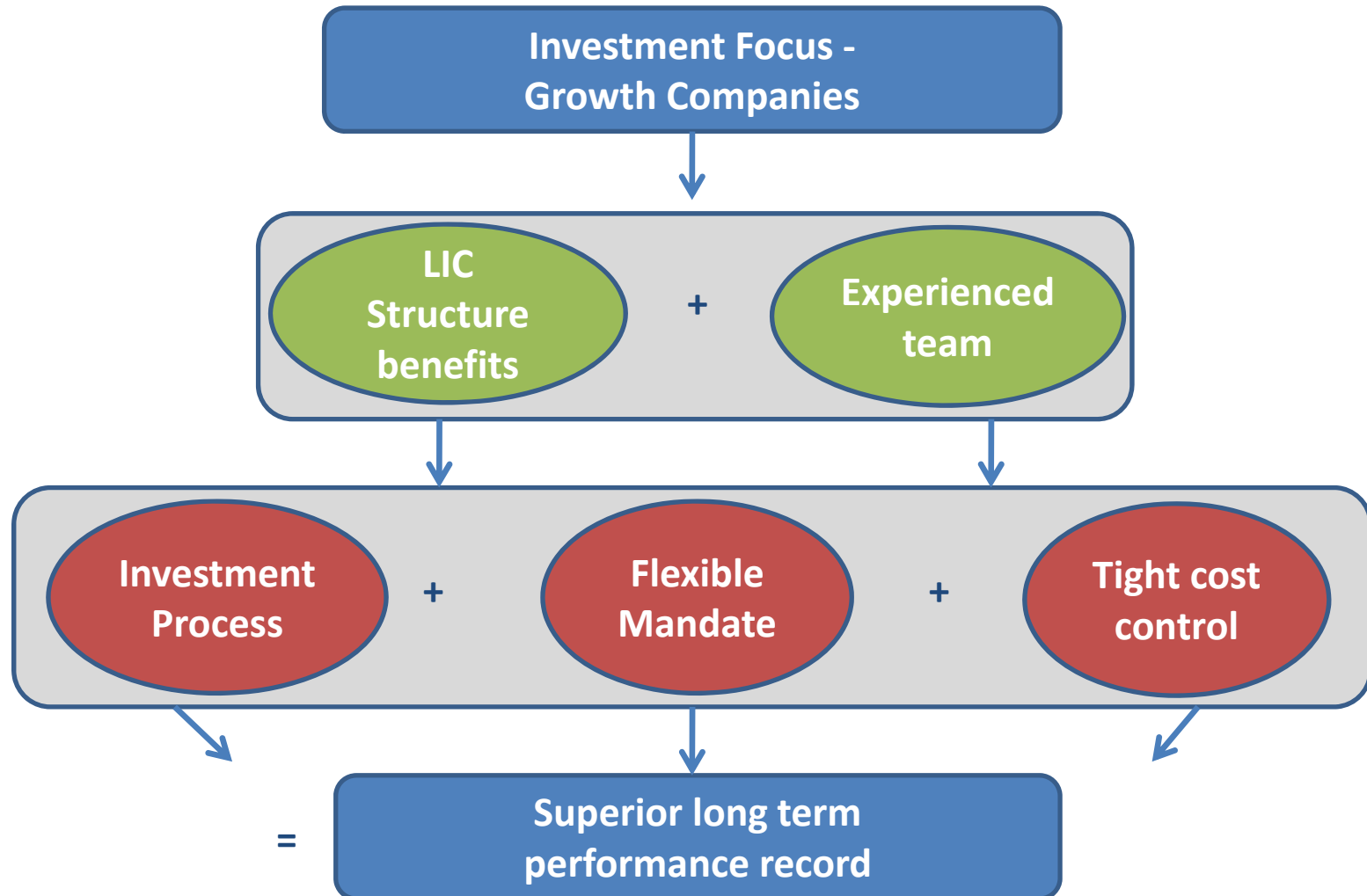
“ Market Driven ”



We scour the market for trading opportunities:

- Initial public offerings
- Capital raisings
- Block trades at discount
- Takeovers
- Listed Investment Companies (LIC) discount to NTA
- Earnings momentum / surprise
- Short selling
- Discount to NTA
- Market themes and trends

Our Business Model



Performance at 31 October 2011



| Annualised Performance | WAM Active (WAA) | S&P/ASX All Ordinaries Accum. Index | Outperformance |
|-------------------------------|-------------------------|--|-----------------------|
| 1 year | +7.0% | -4.0% | +11.0% |
| 2 years | +4.3% | +0.9% | +3.4% |
| Since inception | +12.3% | -5.6% | +17.9% |

Top 10 Stocks as at 31 October 2011



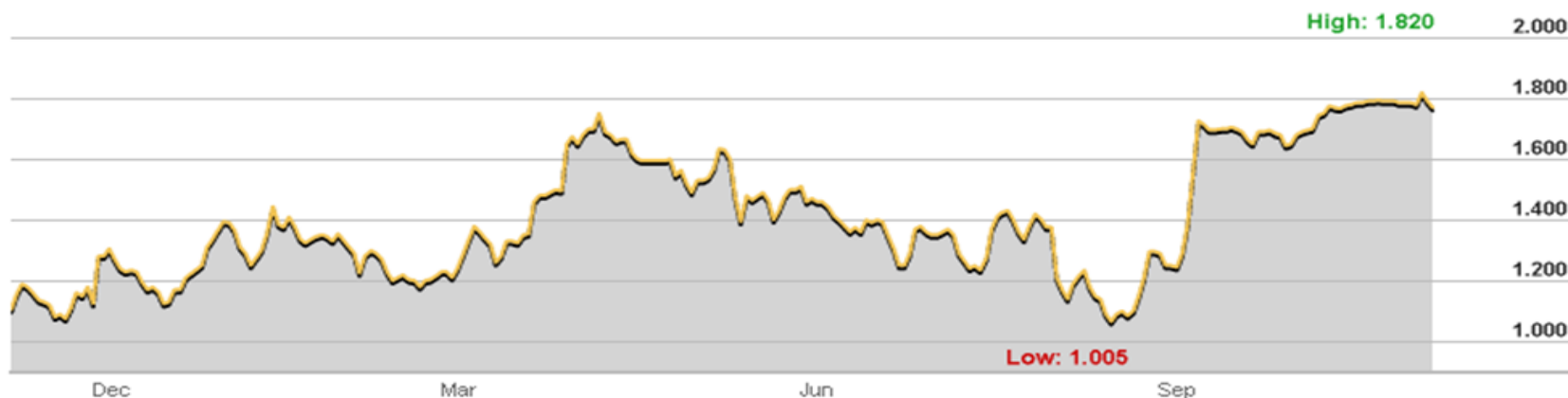
| Company | | % Gross Assets |
|---------|-----------------------------------|----------------|
| HUN | Hunnu Coal Limited | 11.9% |
| CNA | Coal & Allied Industries Limited | 10.3% |
| SGI | Signature Capital Limited | 7.2% |
| CCQ | Contango Capital Partners Limited | 3.0% |
| NHC | New Hope Corporation Limited | 2.5% |
| SOE | Souls Private Equity Limited | 2.4% |
| VBA | Virgin Blue Holdings Limited | 2.2% |
| SDG | Sunland Group Limited | 2.2% |
| FGL | Foster's Group Limited | 2.1% |
| DJS | David Jones Limited | 2.0% |

Hunnu Coal Limited (HUN)



- Purchased stock when de-risked (FIRB approval, bidding company held 34%)
- Believed 90% acceptance condition would be waived
- Expect proceeds mid November 2011. Takeover price \$1.80.

| Type of Stock | Annualised Return | Days Held |
|--------------------------------|-------------------|-----------|
| Pre-unconditional stock | 25% | 26 |
| Un-conditional stock – no risk | 11% | 21 |

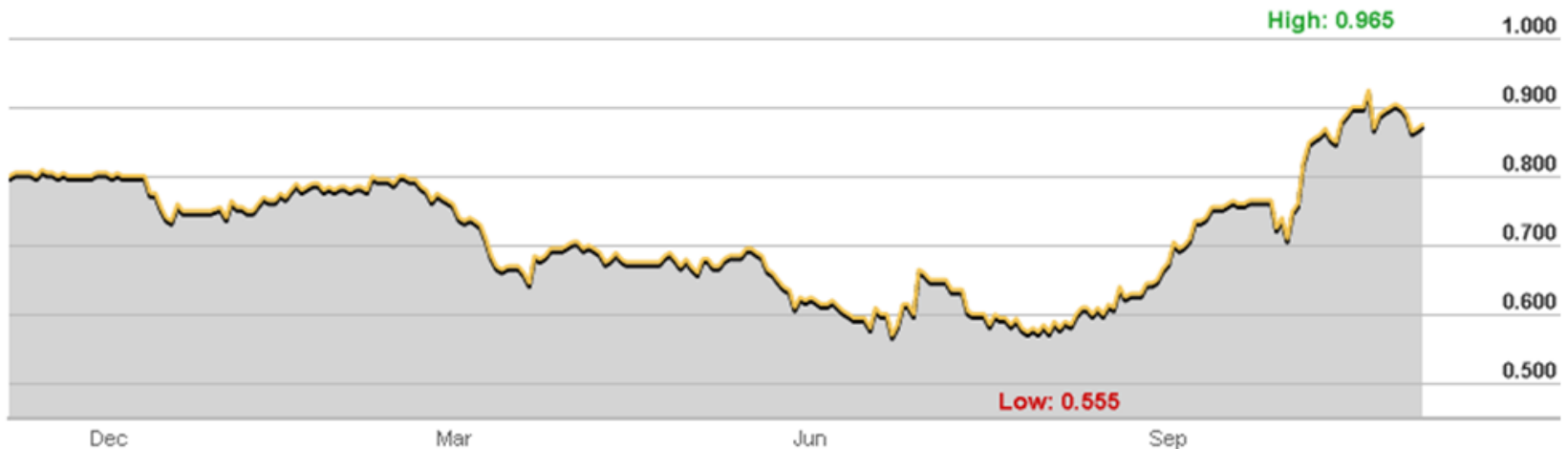


Sunland Group Limited (SDG)



- Australian based property developer
- Catalysts: On market share buyback, narrow discount to NTA
- Forecast NTA: \$1.83 per share as at 30 June 2012
- Strong balance sheet

Sunland Group
ESTABLISHED
1983



Financial Year to Date Return as at 31 October 2011

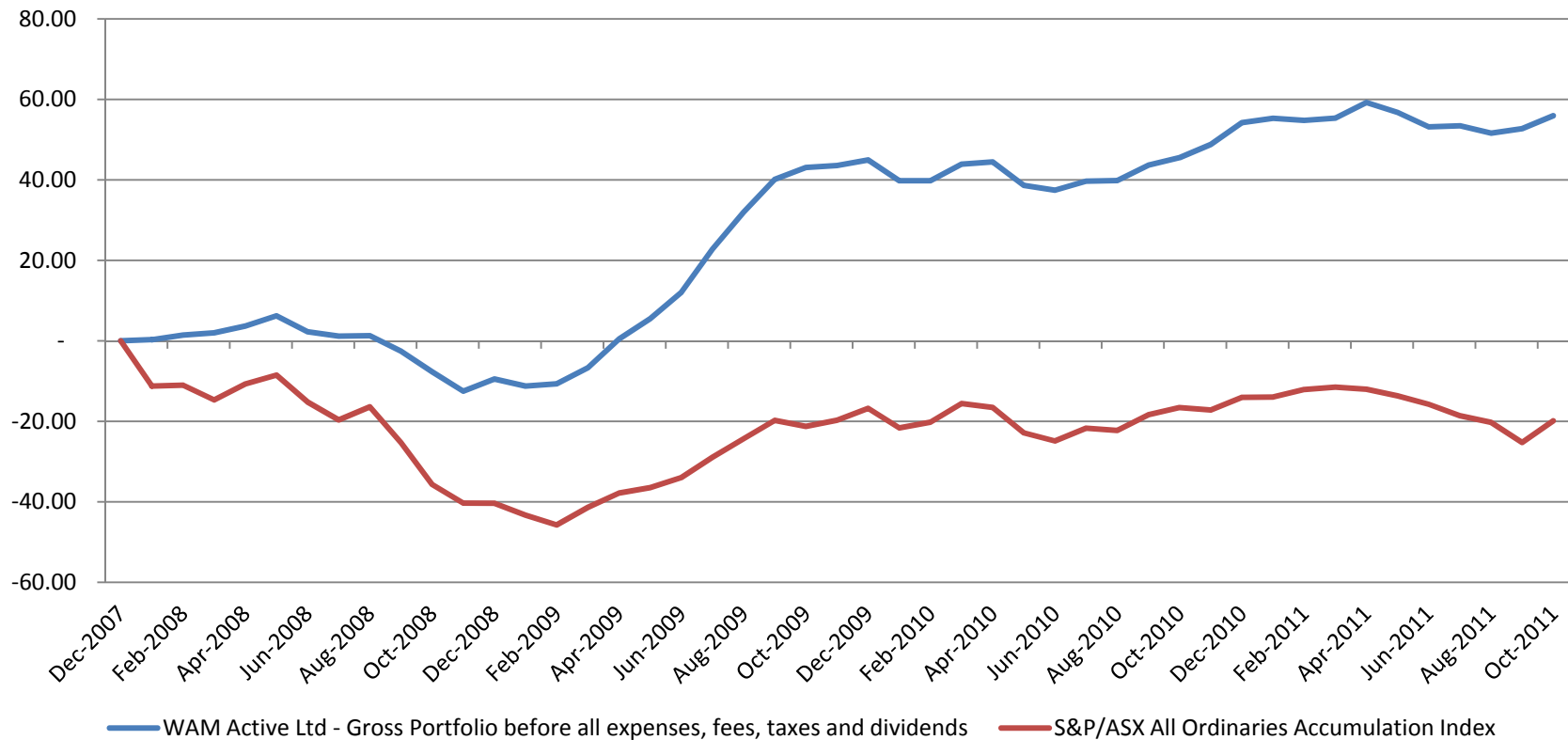


| | |
|---|-------|
| Gross Portfolio | +1.7% |
| Pre-tax NTA per share growth plus dividends | +0.3% |
| Share price growth plus dividends | +4.6% |
| S&P/ASX All Ordinaries Accumulation Index | -4.9% |

Performance since Inception



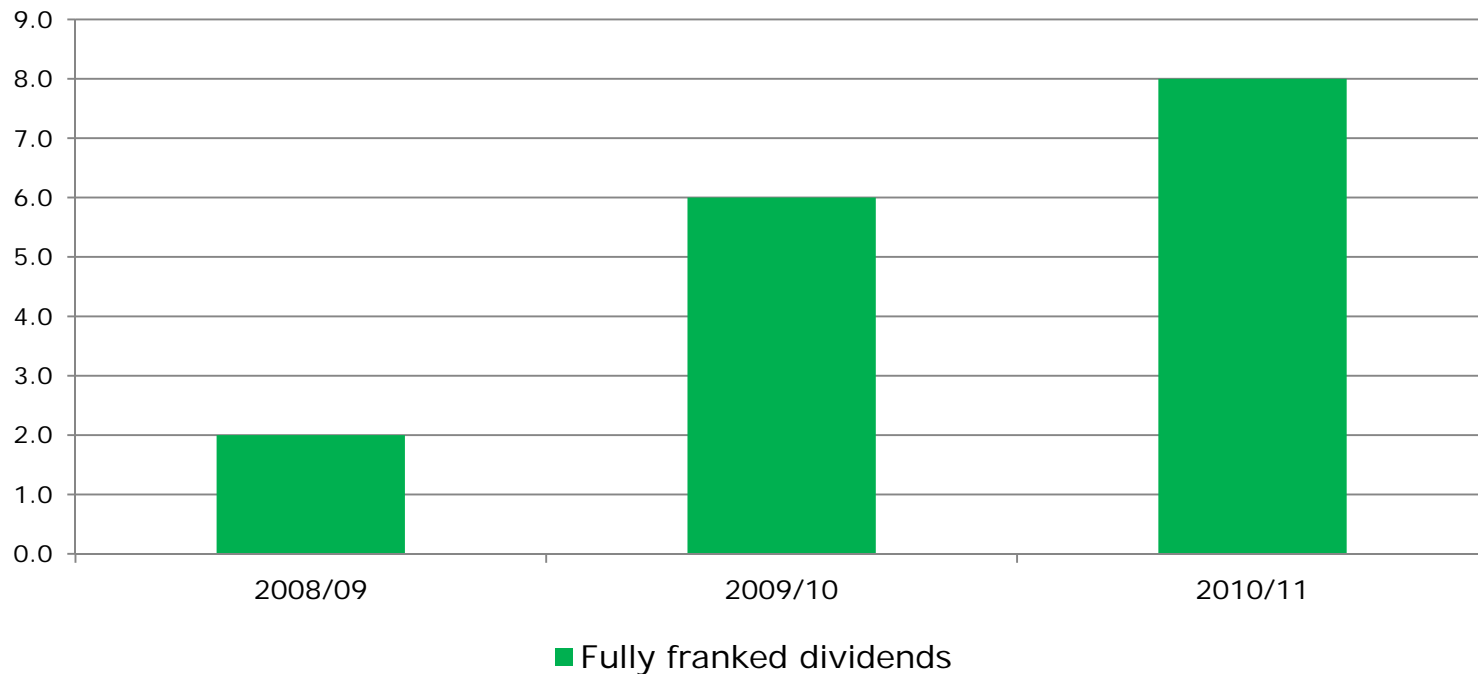
**WAA +12.3% p.a. – outperformed by 17.9% p.a.
over 3.8 years**



Dividends



cents per share



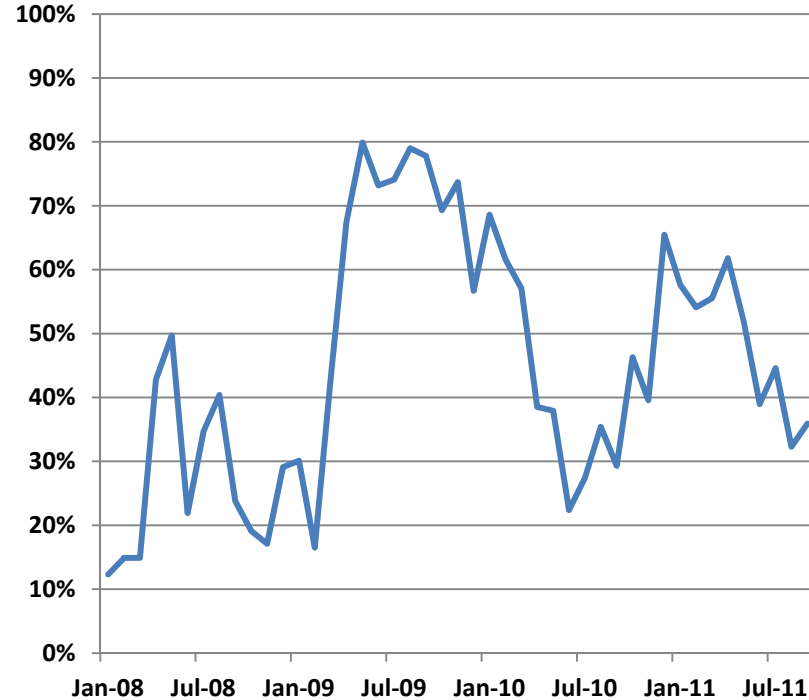
WAA has franking credits which allows it to pay a dividend equivalent to 10 cents per share as at 31 October 2011

Equity Position



- Average equity position since Jan 2008: 55.0%
- Maximum equity level: 79.9% (Jul 2009)
- Minimum equity level: 12.3% (Jan 2008)

Equity Exposure



Cash Position



- All other excess cash is put on term deposit (TD) with a variety of major Australian banks generally staggered up to a maximum maturity of 6 months.
- A ladder of TD's is generally created to ensure one TD is maturing on a bi-weekly basis to provide liquidity if required.
- TD's can also be broken at a cost if required for trading purposes but this is avoided where possible.

Current Issues



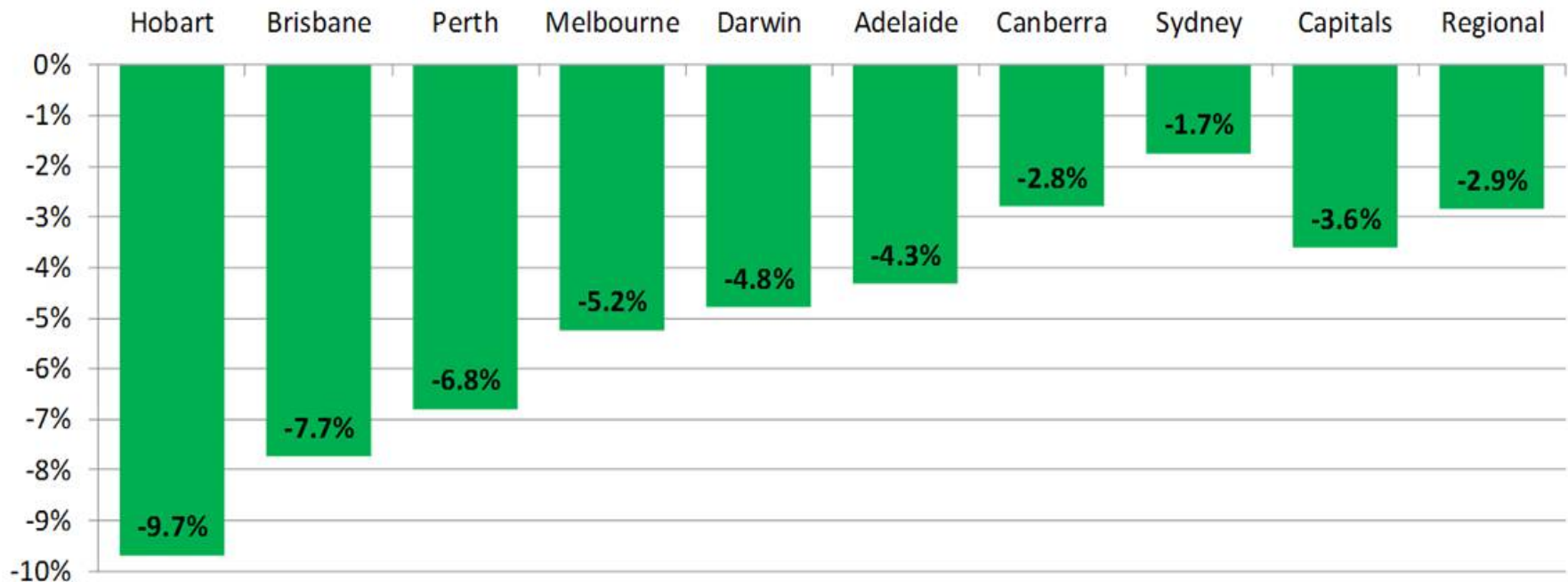
- Executive remuneration reports
- Interest rates
- House prices
- US economy
- Australian dollar

Australian Housing Market



Decline from peak

RP Data–Rismark Home Value Index, Seasonally-Adjusted Results, All dwellings



Source: RP Data–Rismark + Hobart data to July 2011 * Regional data based on results for houses only

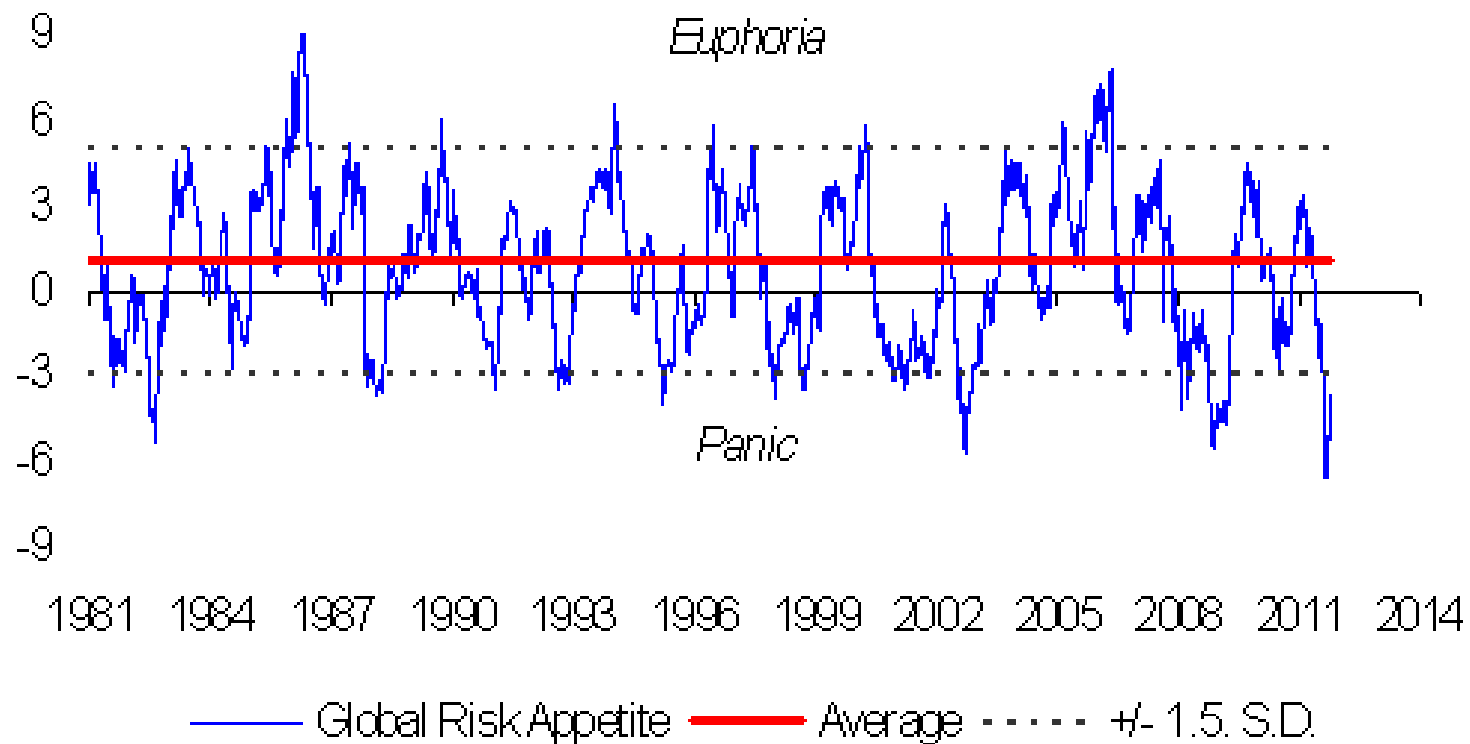
Looking Ahead



- Global deleveraging to continue
- Interest rate cuts positive for equity markets
- Industrial stocks cheap on a historical basis
- Expect continued merger and acquisition activity in Australia with balance sheets in good shape

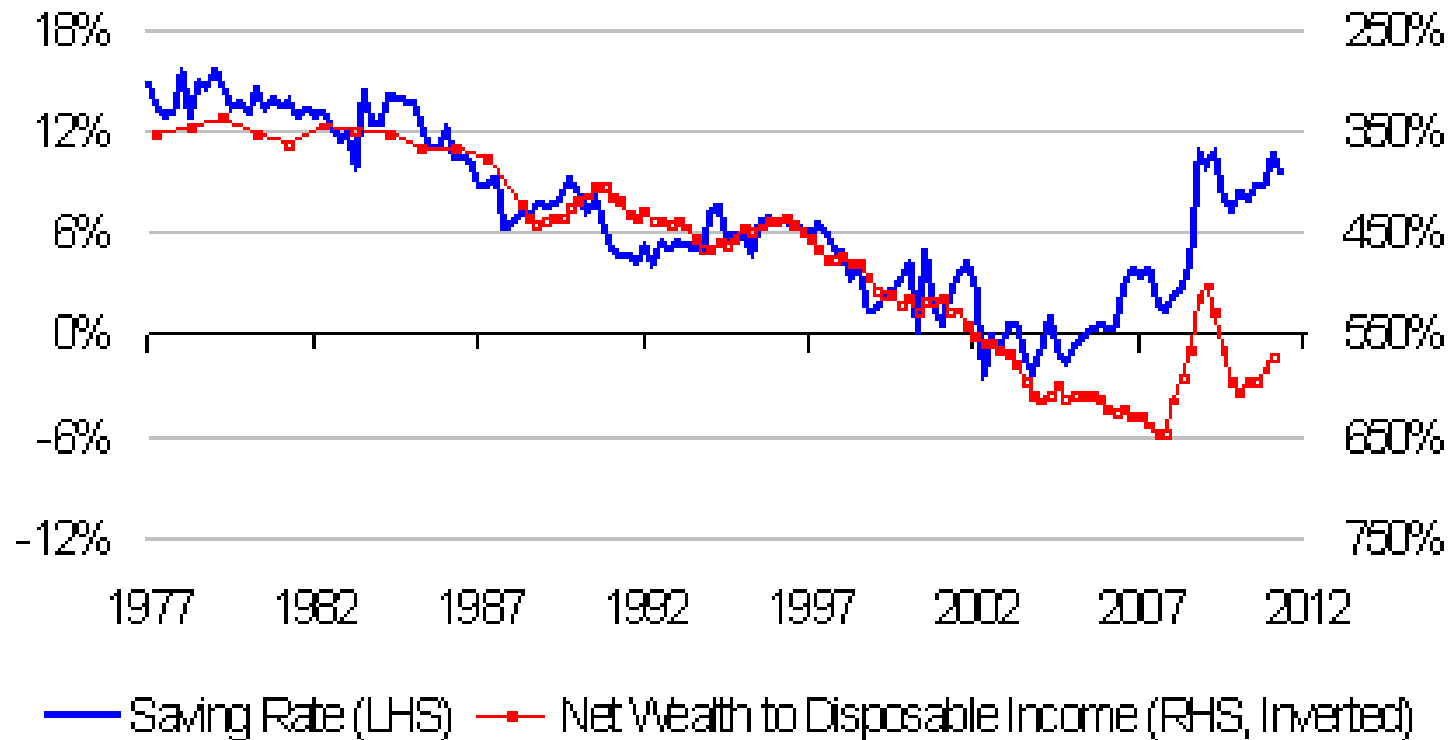


Looking Ahead



Source: Credit Suisse strategy

Looking Ahead

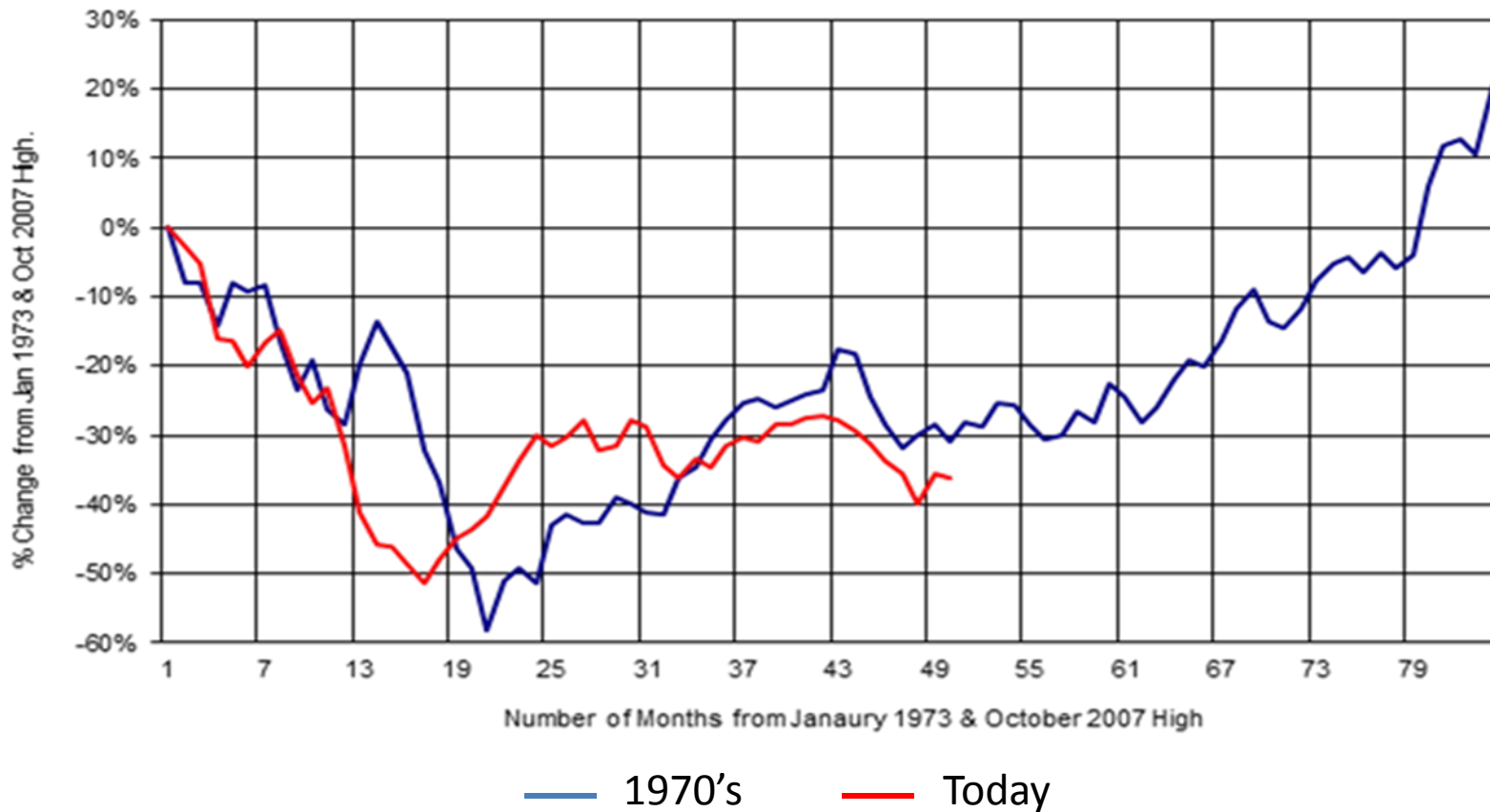


Source: Credit Suisse strategy

1970's bear market vs Today

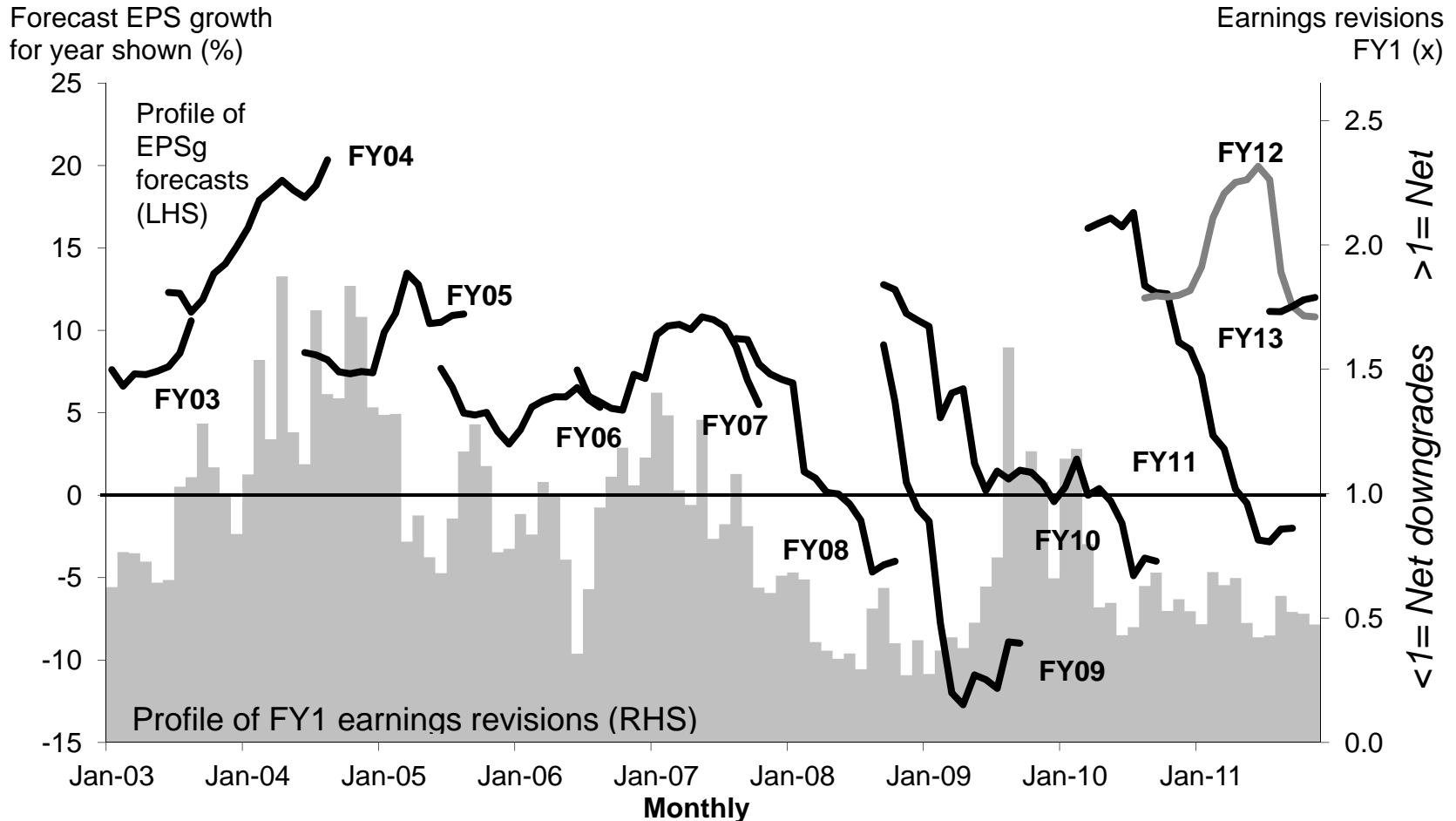


All Ordinaries Index - % Change from January 1973 High vs % Change from October 2007 High
Blue Line January 1973 & Beyond vs Red Line October 2007 & Beyond



Source: Veritas Securities

Analyst EPS Forecast



Source: Macquarie Securities

Conclusion!



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