■ November 2003

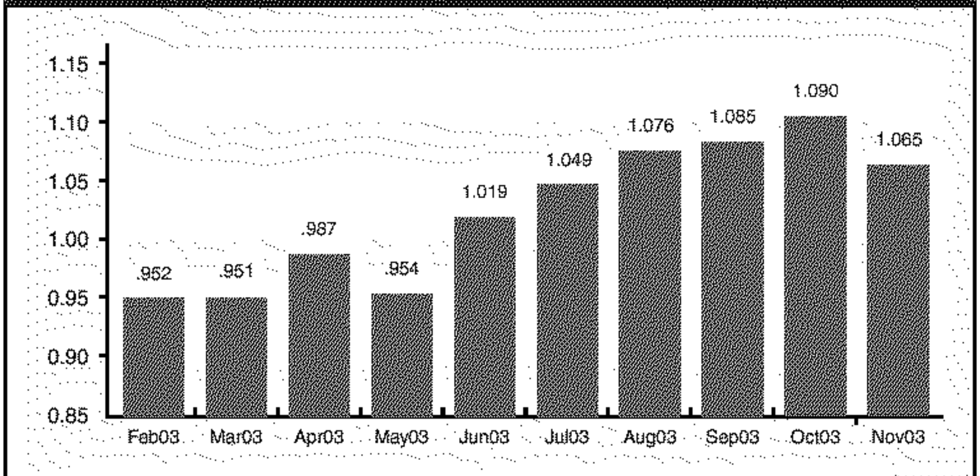
Wallace Absolute Return Limited

Trading Highlights

	BEFORE TAX	AFTER TAX
□ November 2003	**-3.89%**	**-2.76%**
□ Last Three Months	**-1.08%**	**-1.55%**
□ Last Six Months	**11.64%**	**11.1%**
□ Last 12 Months	**n/a**	**n/a**
□ Return Since Inception	**6.47%**	**5.96%**
□ Date of Inception	**28 January 2003**	
□ Asset Value per share*	**$1.018**	**$1.017**
□ End of Month Share Price	**$0.94**	**$0.94**
□ WAB share price premium / (discount)	**(7.66%)**	**(6.28%)**

*After dividends and the exercise of options

After Tax Cumulative Return*



* After tax on realised and unrealised gains, all fees, and before dividends and the exercise of options

Fund Characteristics

Number of stocks held:	69
% in the ASX 200:	85.6%
% of the top five positions:	31.9%
% in convertibles:	3.51%
% in dual listed trades:	3.25%

Largest 10 Positions: ALH, AMP, BHP, BIL, FGL, SDG, SGB, STO, TLS, WFA

How to invest in the Company

- Investors wishing to invest in Wallace Absolute Return Ltd can apply through the prospectus or by purchasing shares directly on the Australian Stock Exchange (ASX). The ASX code is WAB and shares can be purchased on the ASX by your professional adviser or through wrap accounts. The prospectus can either be downloaded off the website or mailed out upon request.

Contact Details

- To contact Wallace Absolute Return Limited, please call the office on (02) 8220 4269 or email us at wallace@wallacefunds.com.au.

Website Information

- More information can be found on the website, www.wallacefunds.com.au including the weekly returns of WAB, information about the Manager and tutorials on some of the trading strategies used.

Market Commentary

The Month of November saw investors reduce exposures to the growth sectors (Materials, Consumer Discretionary and Information Technology) and move back to the relative safety of Property Trusts and Telstra. This led to 2.6% fall in the market which compared to a 2.7% fall in the Net Asset Value of WAB.

Investor appetite for deals waned in November and price falls in AMP (-9.5%), ALH (-3.9%) and some medium/small cap stocks were the primary reason for the negative performance of the WAB portfolio. This was compounded by falls in the Banks (-2.9%) and BHP (-3.8%). Offsetting this was outperformance of WAB's core portfolio through overweights in TLS, Property Trusts and some trading profits.

The finalisation of the AMP demerger at the end of December should take some of the volatility out of the AMP share price which we view favourably.

There is a risk that the RBA 25 bps rate rise at the beginning of December (making it the highest of any industrialised country) may limit the investment appeal of Australia to offshore investors which could put pressure on the large caps (Banks / TLS / Consumer Discretionary) over the remainder of the year. We remain comfortable with portfolio weightings.