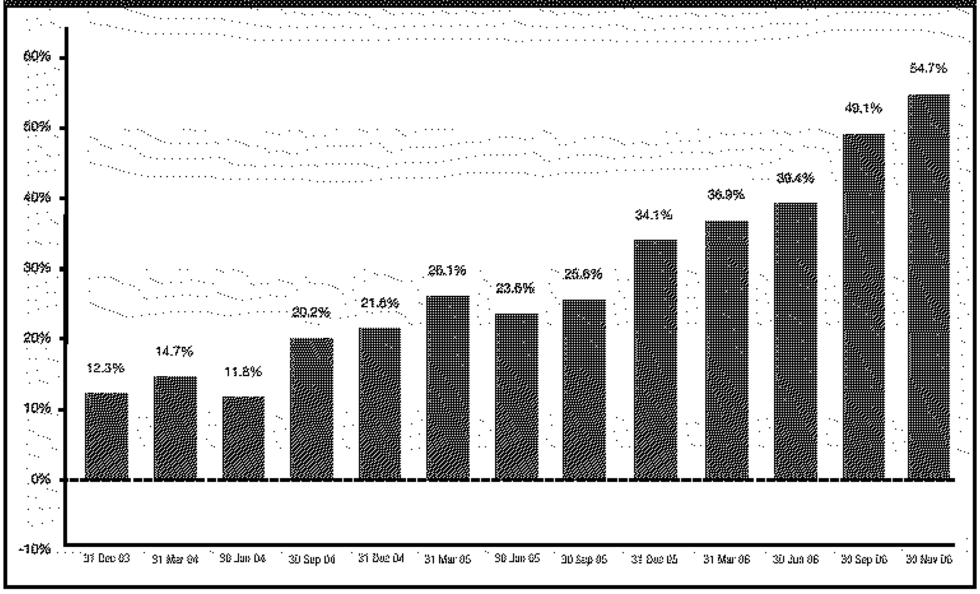
Wallace Absolute Return Limited

■ November 2006

Trading Highlights

	BEFORE TAX	AFTER TAX
□ Month ended 30 November 2006	3.28%	2.44%
□ Last Three Months	9.67%	7.96%
□ Last Six Months	11.11%	9.47%
□ Last Twelve Months	18.59%	15.47%
□ Annualised Return Since Inception	11.79%	9.91%
□ Date of Inception	28 January 2003	
□ End of Month Asset Value per share	$1.1277	$1.0957
□ End of Month Share Price	$1.035	$1.035
□ WAB share price premium / (discount)	(8.22%)	(5.54%)
□ WAB Stock Turnover in November 2006	1,480,912	

Before Tax Cumulative Quarterly Return



Fund Characteristics

Number of stocks held:	55
% in the ASX 300:	97.18%
% in the top five positions:	32.27%
% in convertibles:	0%

Largest 10 Positions: DOW, DVC, FMG, HDR, MBL, ORI, PLF, PMN, TLS, ZFX

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 from the website www.wallacefunds.com.au or mailed out upon request.

Contact Details

- To contact Wallace Absolute Return Limited, please call the office on (02) 9230 0422 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 Wallace Absolute Return Limited (WAB) portfolio increased 2.44% after tax and 3.28% before tax in November 2006. Once again corporate activity provided many opportunities for the investment manager, Wallace Funds Management Limited (WFM). Strong contributors to the month's performance included CGF, BNB, ZFX and HGI. Negative contributors included FMG, ANZ, RIO and BHP.

During the month pure commodity plays such as ZFX, KZL and JBM outperformed the bulk commodity plays BHP and RIO. The market was surprised by the Macquarie Bank led consortium indicating they were intending on bidding for Australian icon Qantas. This highlighted that in this buoyant market nearly any stock is a possible target. Once again the market debate is between the older market sages, who are scratching their heads at the historically high valuations, and the new guard of private equity entrepreneurs who trumpet the "this time it's different" tune. Whilst the outcome of this debate may be inevitable, the timing is difficult to predict. WFM continues to buy options to protect the portfolio against unforseen periods of high volatility.

Once again investors are welcomed to the website www.wallacefunds.com.au and to our office at Level 19, 68 Pitt St, Sydney NSW 2000.