WAM ACTIVE LIMITED (WAA)

A.B.N. 49 126 420 719

PRESENTATION NOVEMBER 2008

WAM ACTIVE LTD
What is it?

- **Trader for tax purposes**
- **High turnover, actively managed fund**
- **Concentrates on:**
  - **Corporate transactions - takeovers & restructurings**
  - **Capital raising**
  - **Block trades**
  - **Discount to assets arbitrage**
  - **Franking credit arbitrage**
  - **Short selling securities**

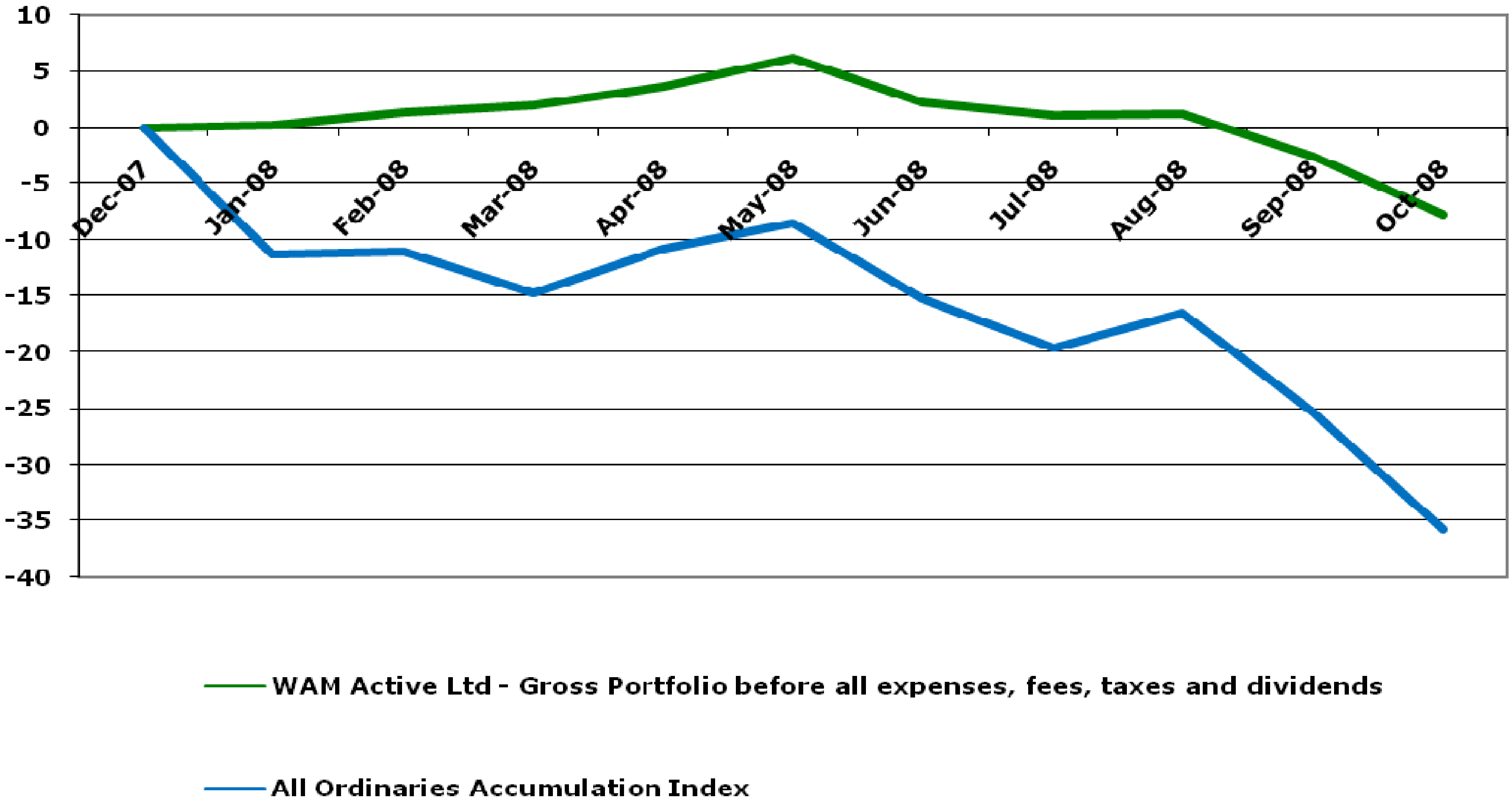
WAM ACTIVE LTD OBJECTIVES

- **Derive an absolute return over the long term**

- **Deliver investors an income stream in the form of fully franked dividends**

- **Preserve the capital of the Company**

WAM ACTIVE LTD PERFORMANCE



WAM ACTIVE LTD DIVIDENDS

- **Intension is to pay an increasing fully franked dividend stream over time.**

- **Dividends are only payable from retained earnings or current year profits of the company.**

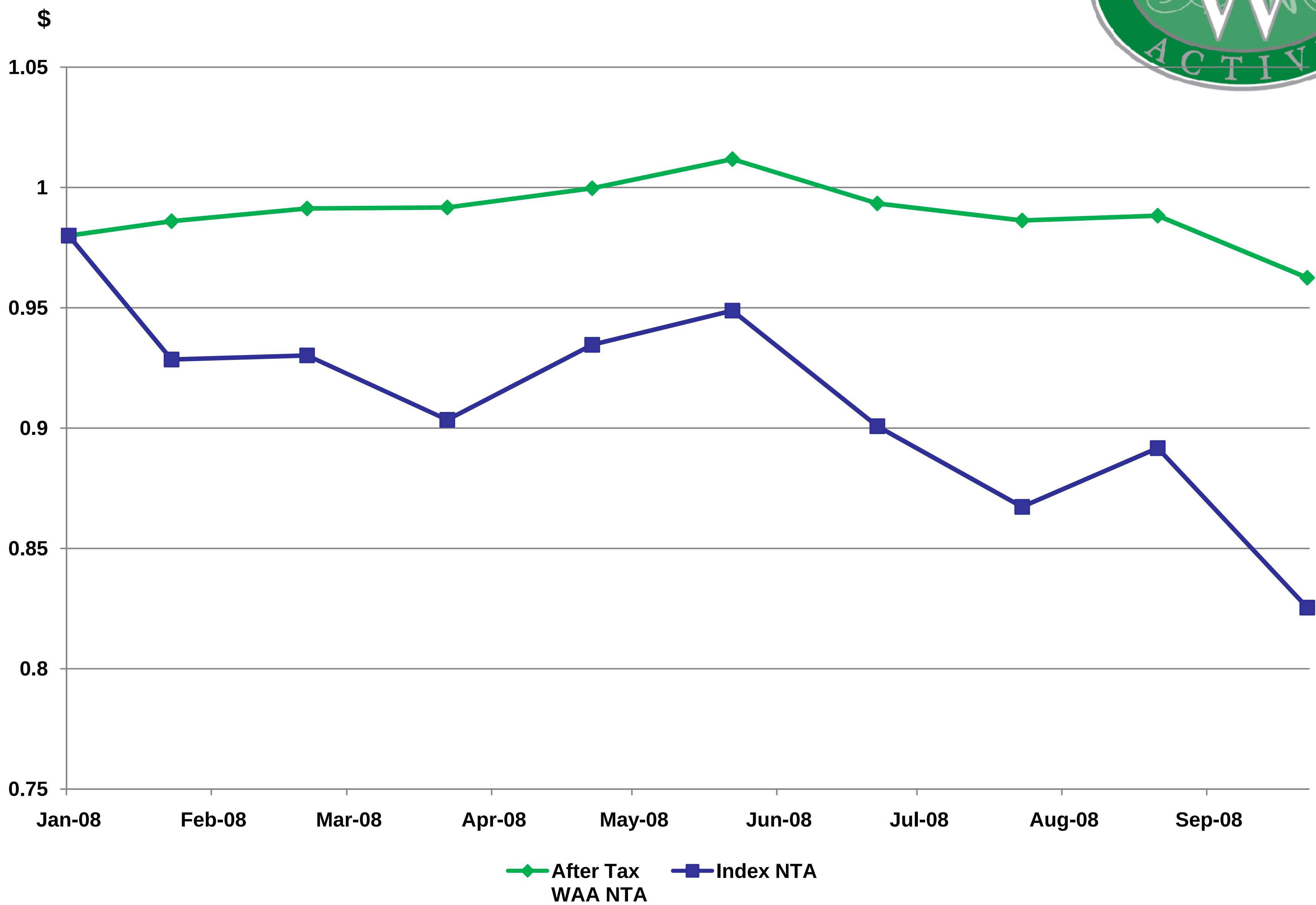
PORTFOLIO STRUCTURE

	As at 31 October 2008	
Investment Type	**$m**	**%**
Listed Equities	2.64	19.1%
Term Deposits and Cash	11.18	80.9%
Total Long Portfolio	**13.82**	**100.0%**
Total Short Portfolio	(-)	-%
	No.	
Ordinary Shares on issue	15,400,101	
Options on issue ($1 expire 17-06-09)	15,400,100	

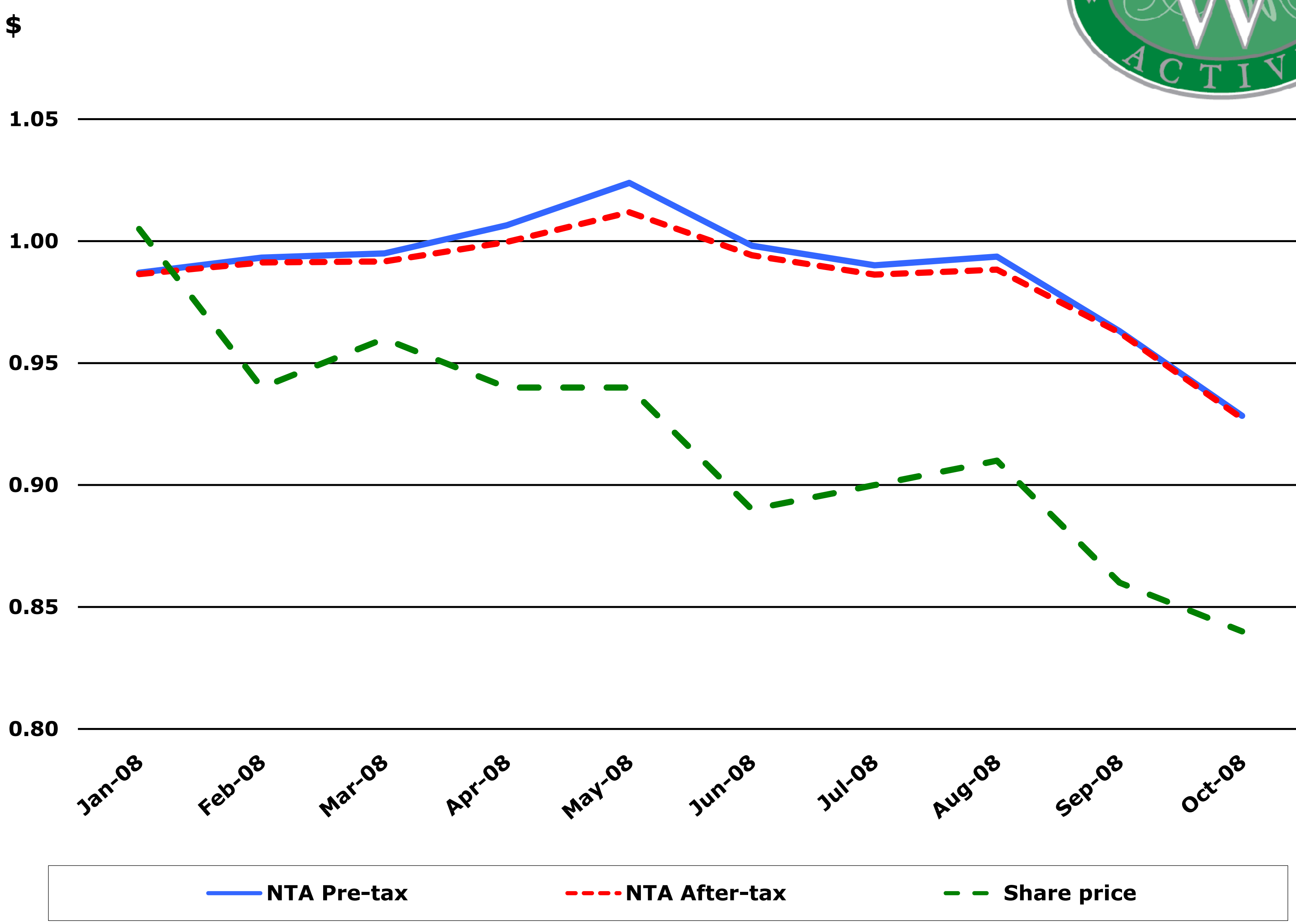
TOP 10 TRADING STOCKS

Code	Company	Market Value $	% of Long Portfolio	% of Gross Assets
CBA	Commonwealth Bank of Australia	302,250	11.4%	2.2%
NAB	National Australia Bank Ltd	269,888	10.2%	2.0%
ASX	ASX Ltd	255,197	9.7%	1.8%
ANZ	ANZ Banking Group Ltd	208,320	7.9%	1.5%
AMP	AMP Ltd	155,440	5.9%	1.1%
SGP	Stockland	148,875	5.6%	1.1%
ALZ	Australand Property Group	141,600	5.4%	1.0%
MVU	MatrixView Ltd	135,895	5.1%	1.0%
EBI	Everest Babcock & Brown Alt. Inv Trust	131,610	5.0%	1.0%
ANZPB	ANZ Banking Group Ltd Prefs	108,015	4.1%	0.8%

WAA NTA vs Putting Money Into Index Fund



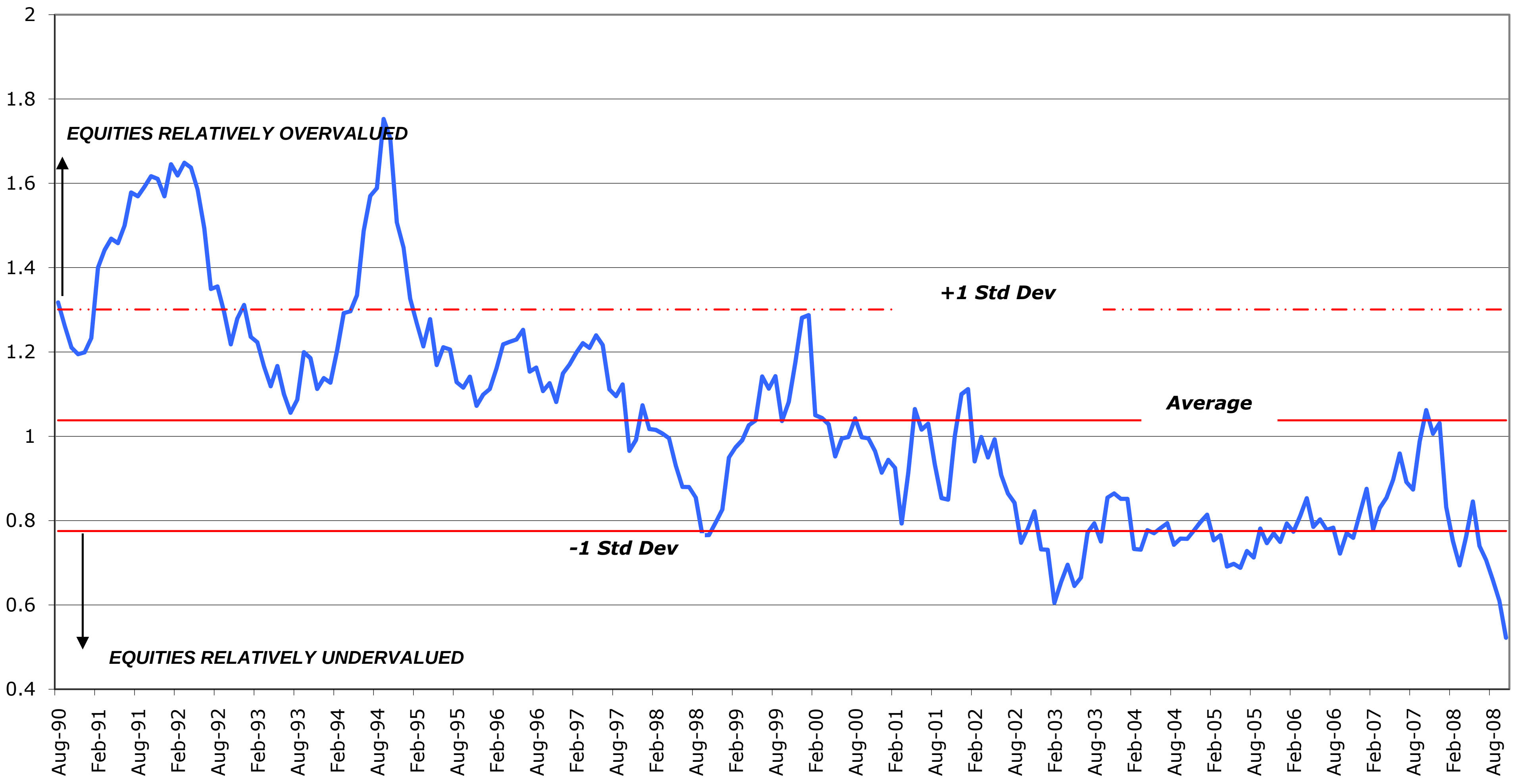
WAA NTA & Share Price History



GENERAL MARKET SLIDES

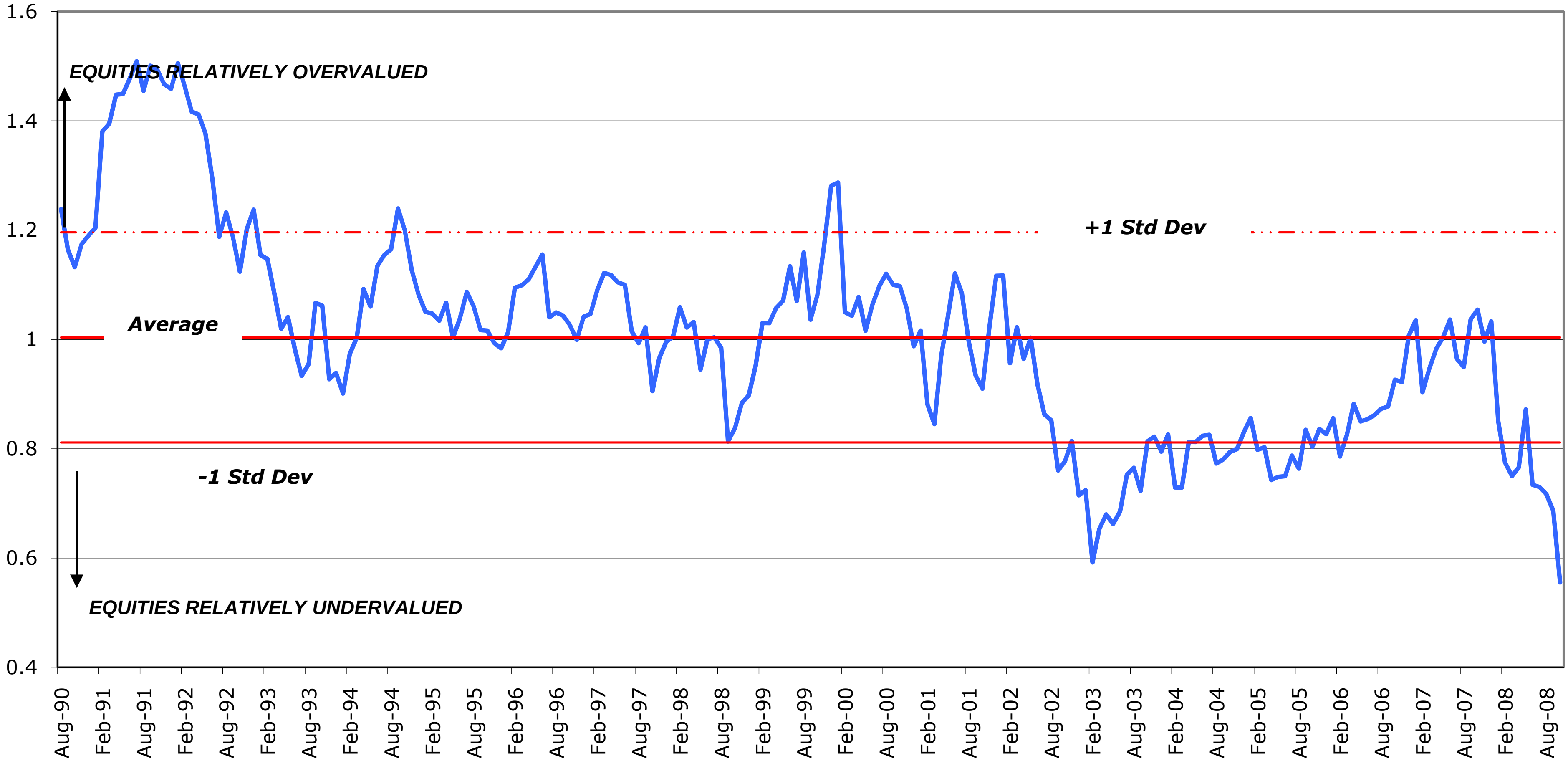
The following charts show the Australian and US markets are at the cheapest in many years. Both markets have fallen close to 50% in value at a time when interest rates are declining.

ASX200 - VALUATION OF EQUITIES RELATIVE TO BONDS: MULTIPLE OF BOND YIELD TO EQUITY EARNINGS YIELDS



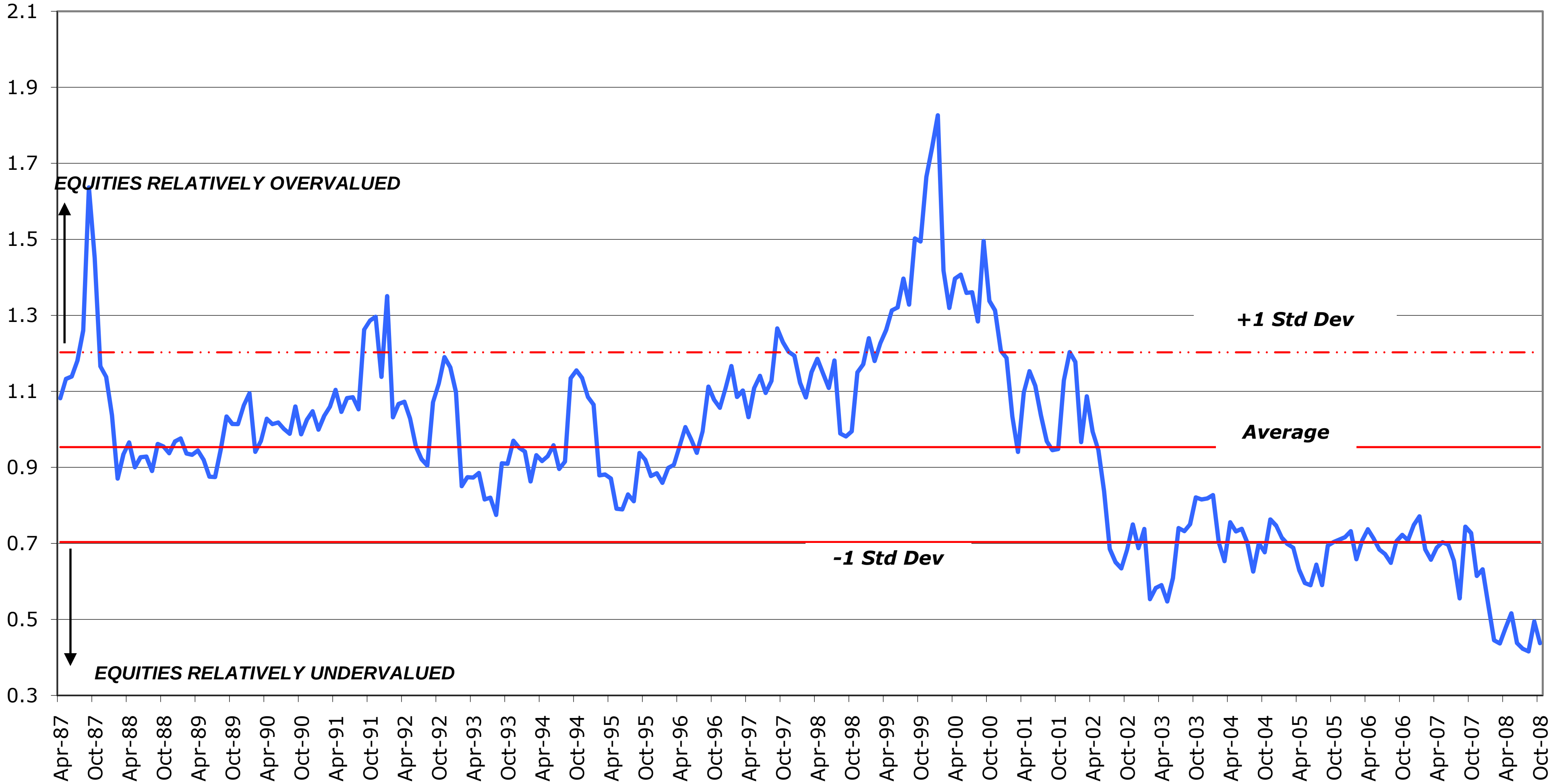
Source: GSJBW Research estimates

ASX200 Industrial - VALUATION OF EQUITIES RELATIVE TO BONDS: MULTIPLE OF BOND YIELD TO EQUITY EARNINGS YIELDS



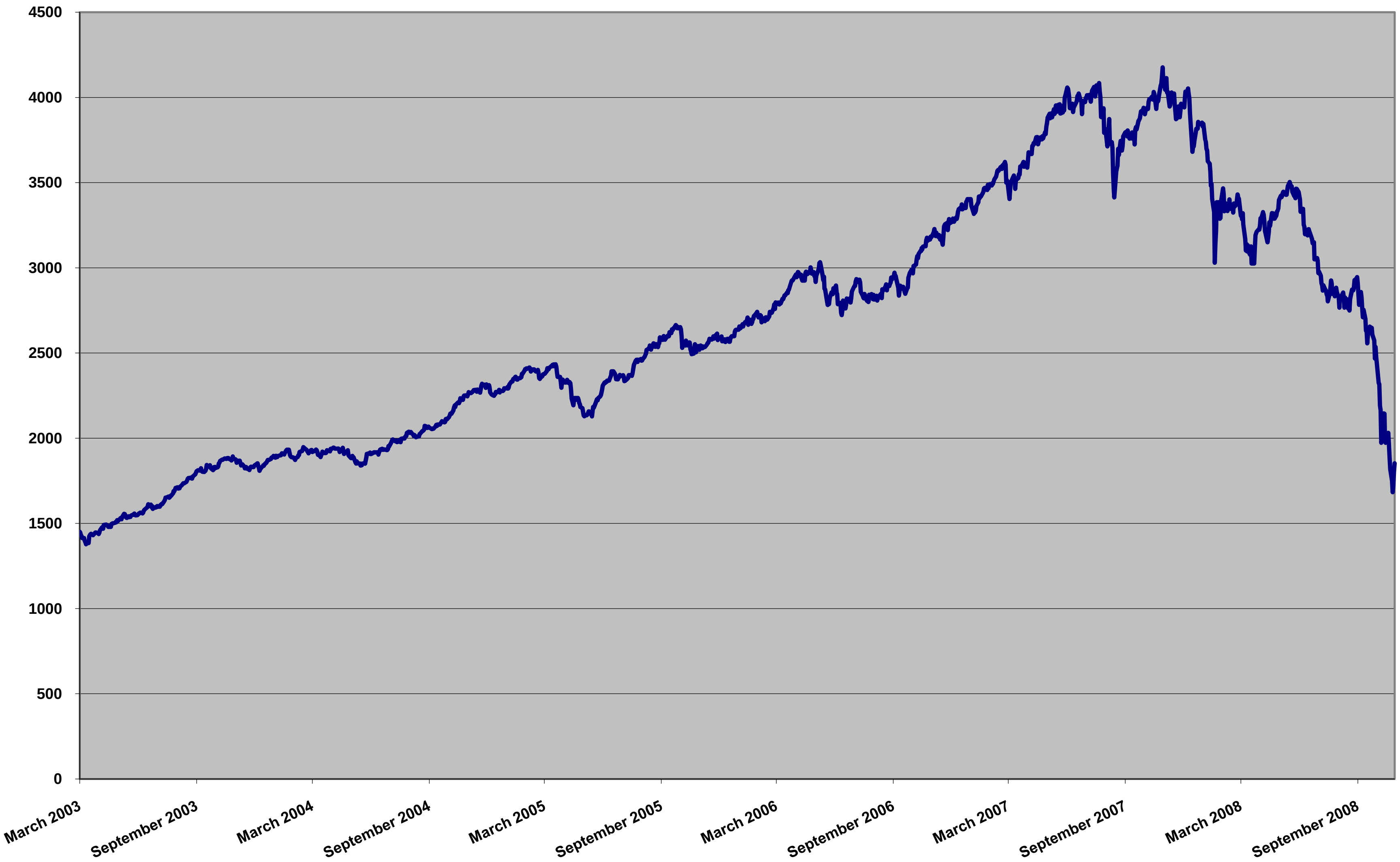
Source: GSJBW Research estimates

S&P500 - VALUATION OF EQUITIES RELATIVE TO BONDS: MULTIPLE OF BOND YIELD TO EQUITY EARNINGS YIELDS

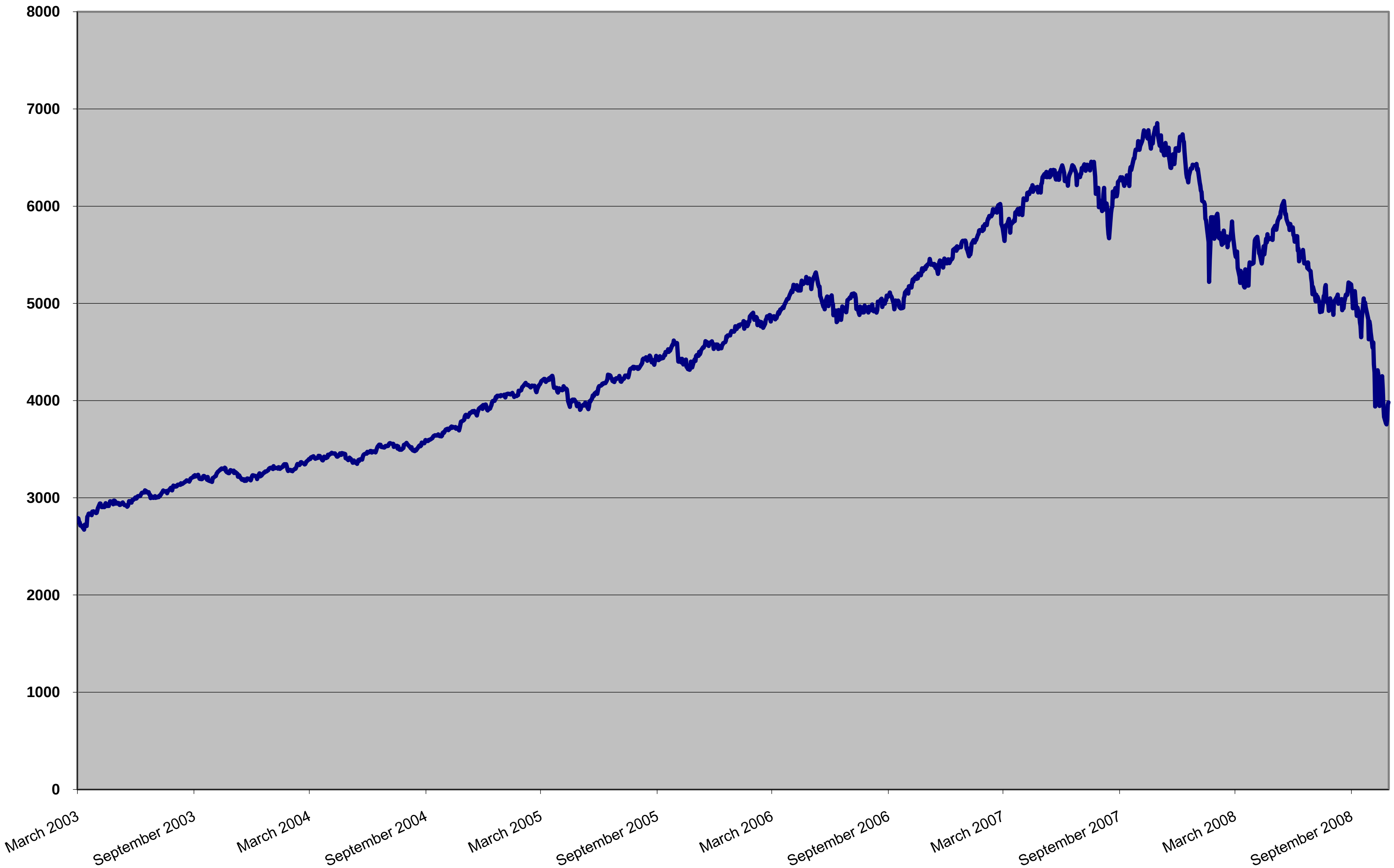


Source: GSJBW Research estimates

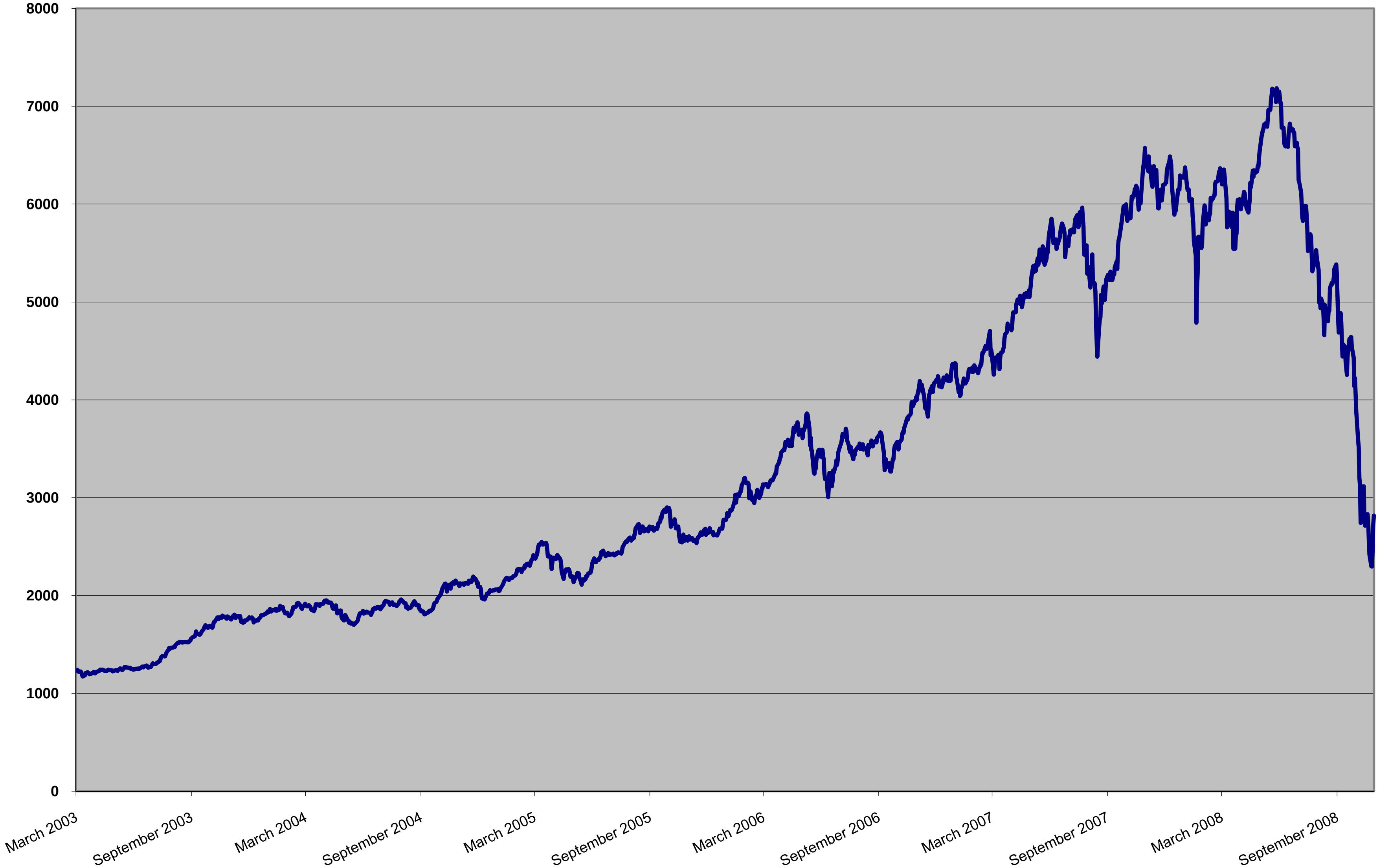
S&P/ASX Small Ordinaries Index: 1 March 2003 to 31 October 2008



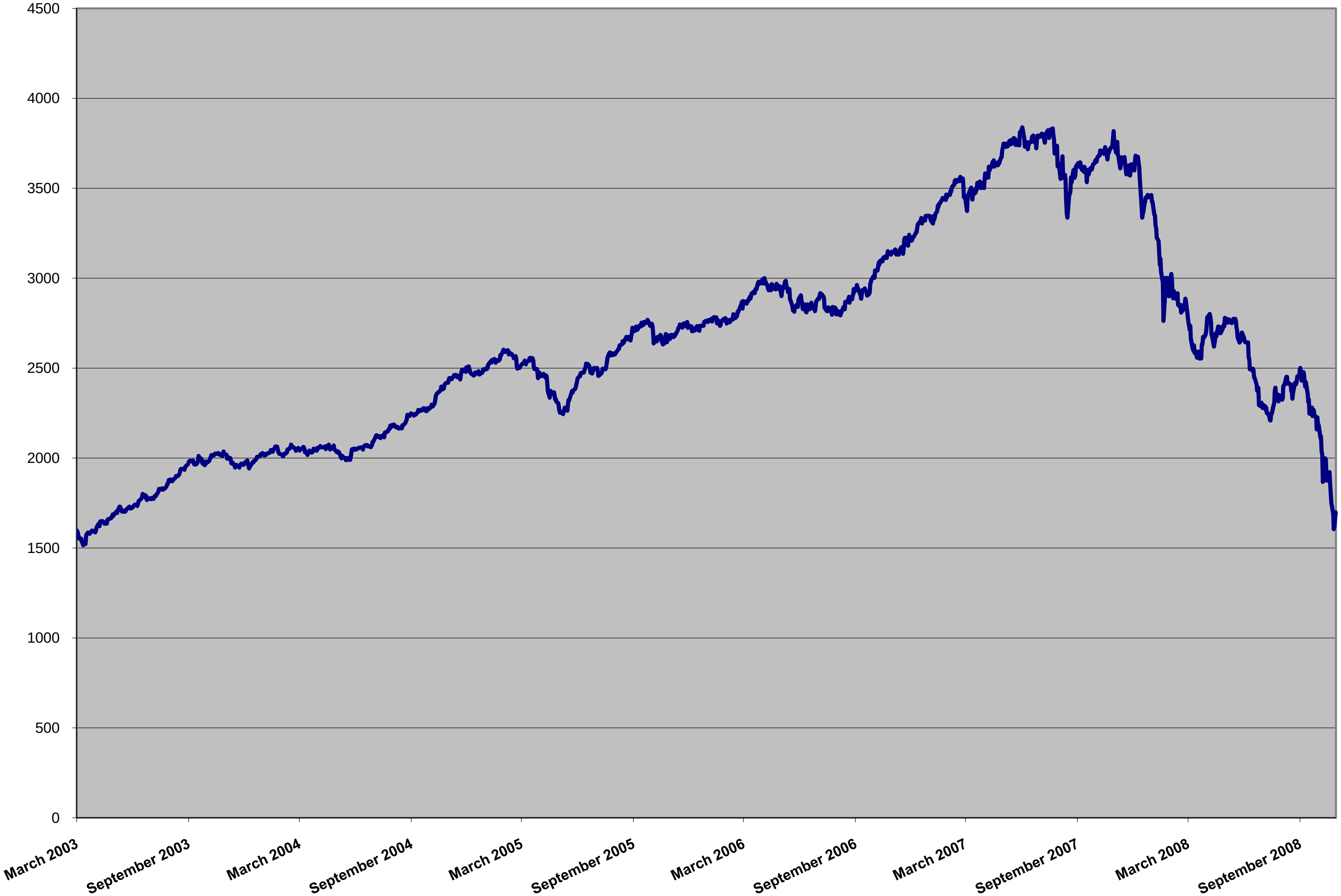
S&P/ASX All Ordinaries Index: 1 March 2003 - 31 October 2008

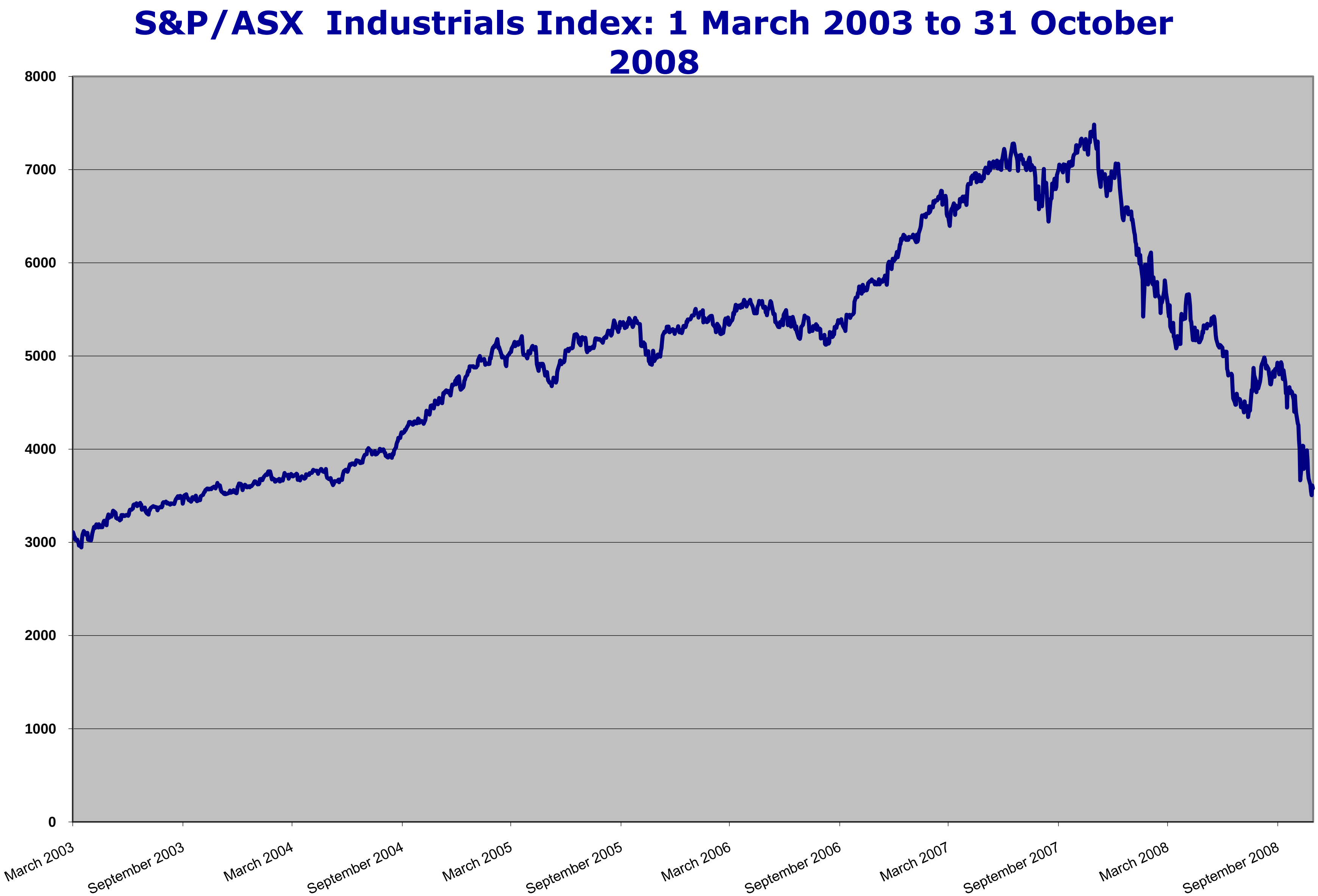


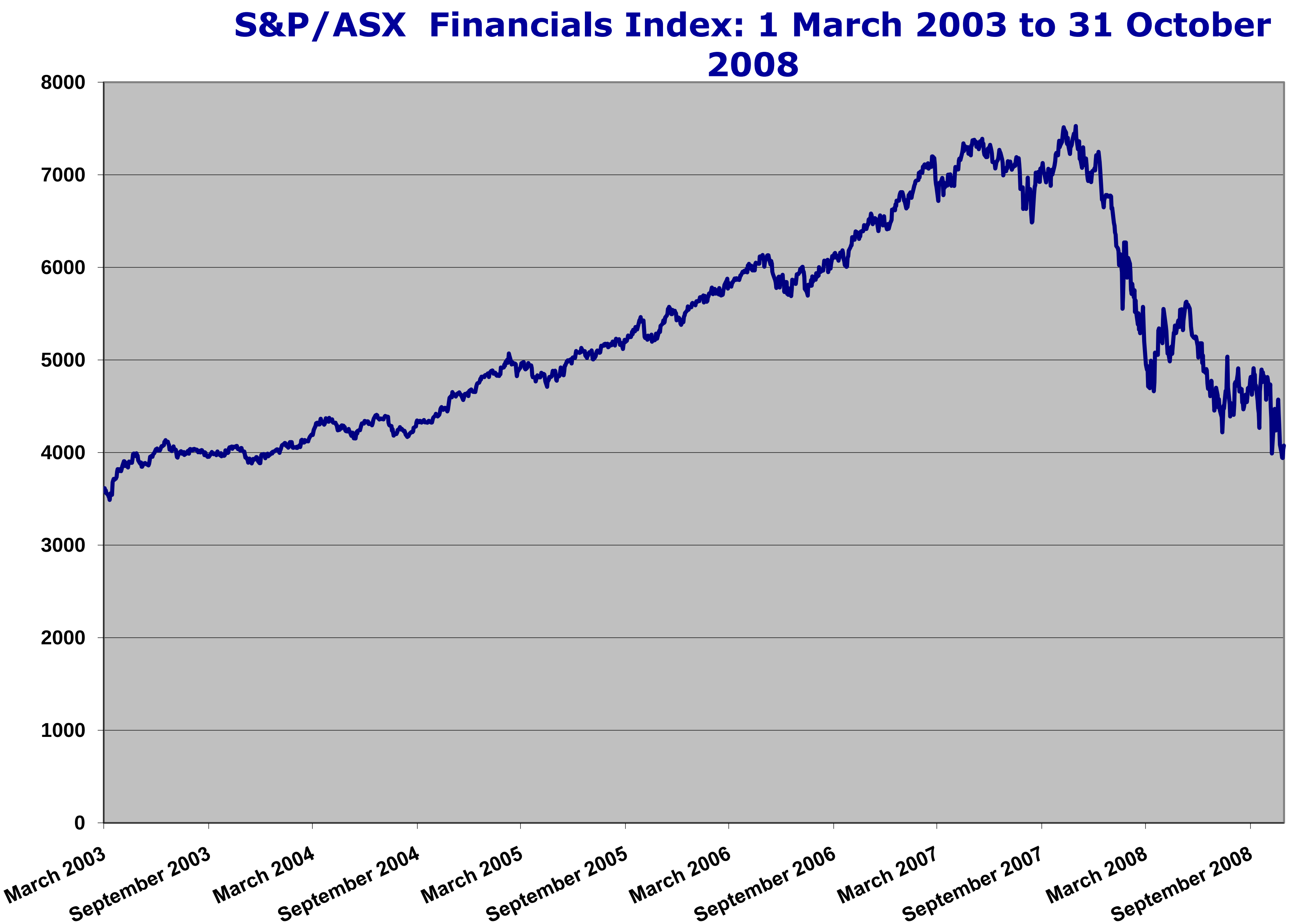
S&P/ASX Small Resources Index: 1 March 2003 - 31 October 2008

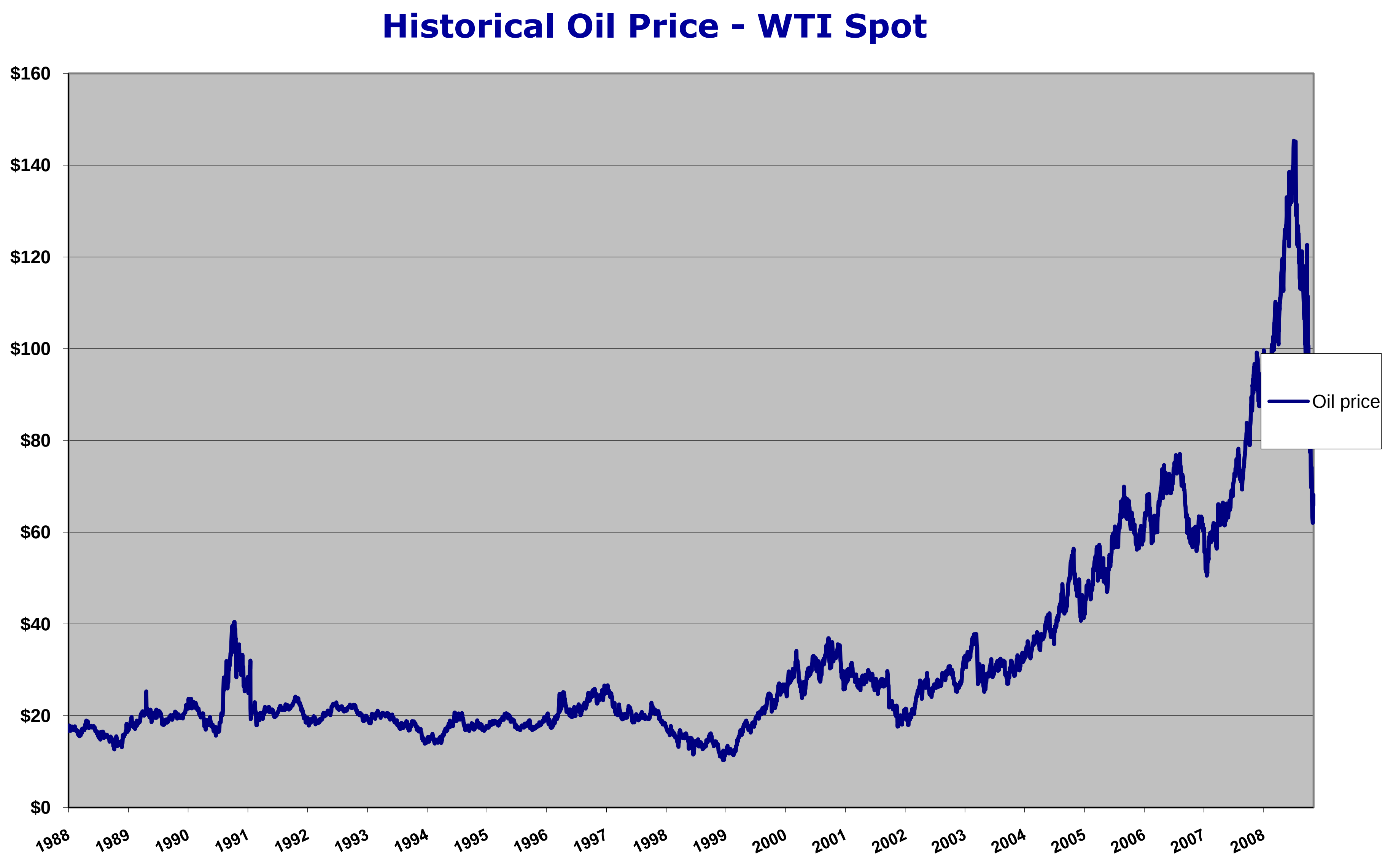


S&P/ASX Small Industrials Index: 1 March 2003 - 31 October 2008



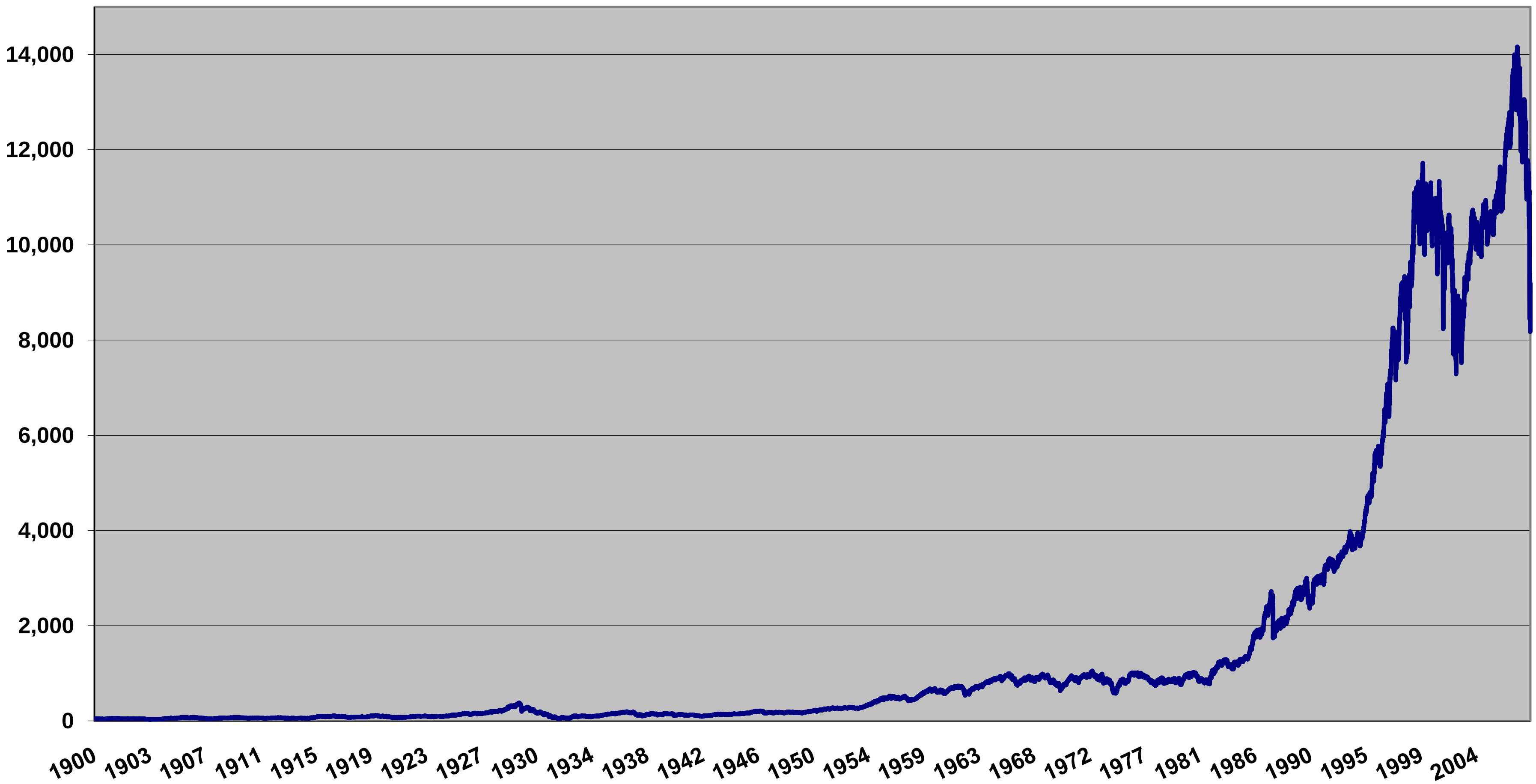

S&P/ASX Industrials Index: 1 March 2003 to 31 October 2008
8000
7000
6000
5000
4000
3000
2000
1000
0
March 2003
September 2003
March 2004
September 2004
March 2005
September 2005
March 2006
September 2006
March 2007
September 2007
March 2008
September 2008


S&P/ASX Financials Index: 1 March 2003 to 31 October 2008
8000
7000
6000
5000
4000
3000
2000
1000
0
March 2003
September 2003
March 2004
September 2004
March 2005
September 2005
March 2006
September 2006
March 2007
September 2007
March 2008
September 2008

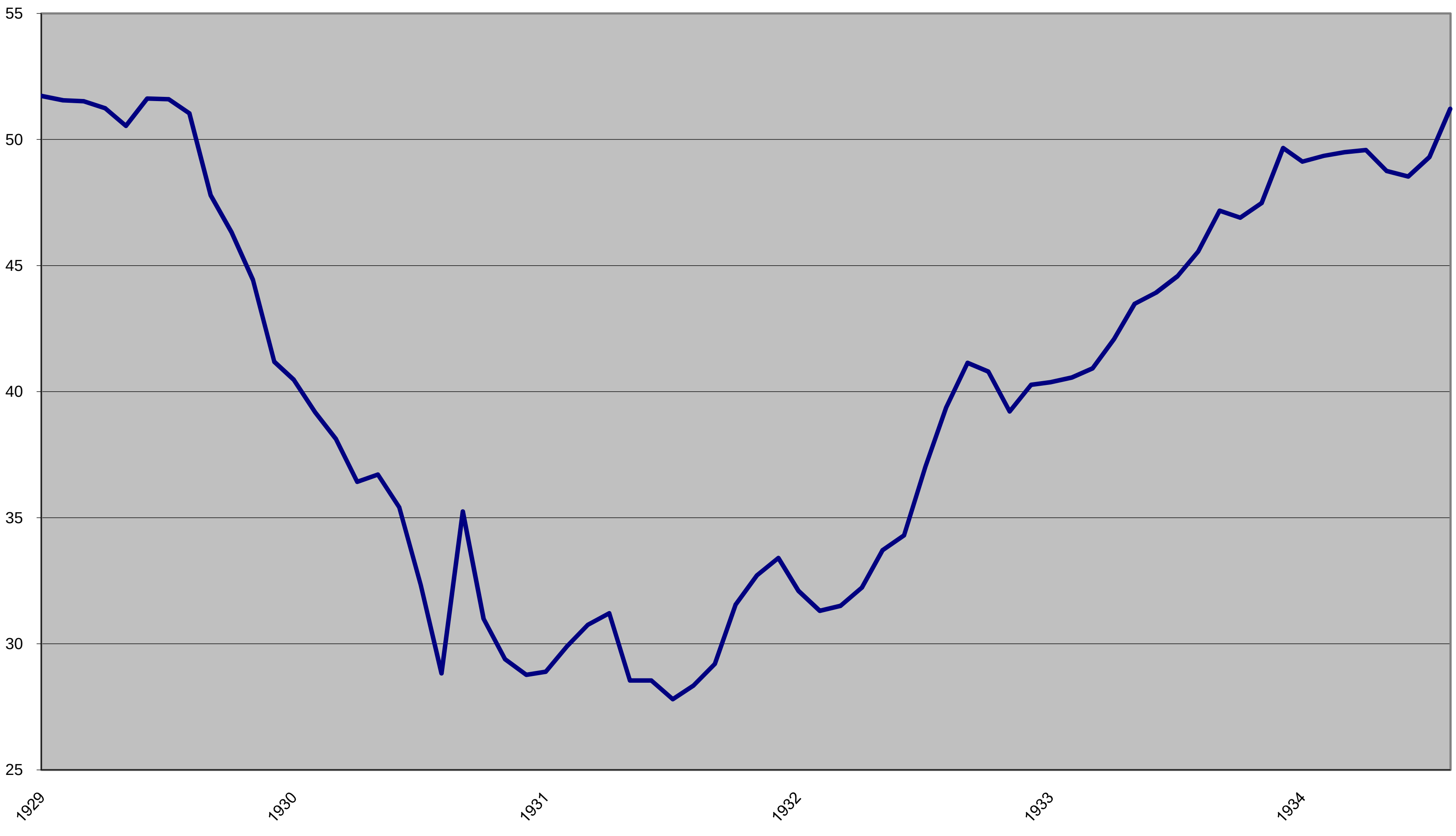


Historical Oil Price - WTI Spot
$160
$140
$120
$100
$80
$60
$40
$20
$0
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
Oil price

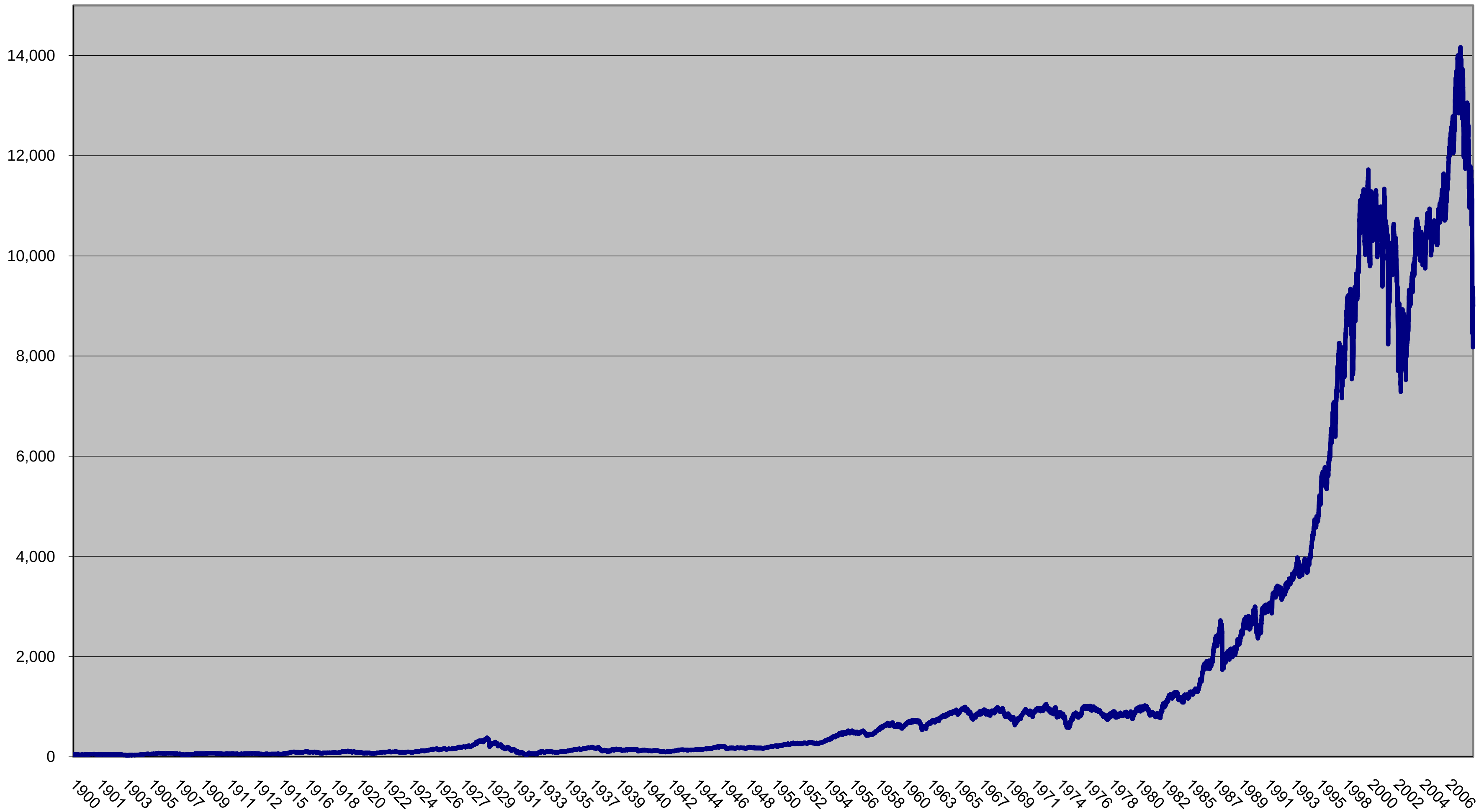
S&P/ASX All Ordinaries Index: 1 January 1900 to 31 October 2008



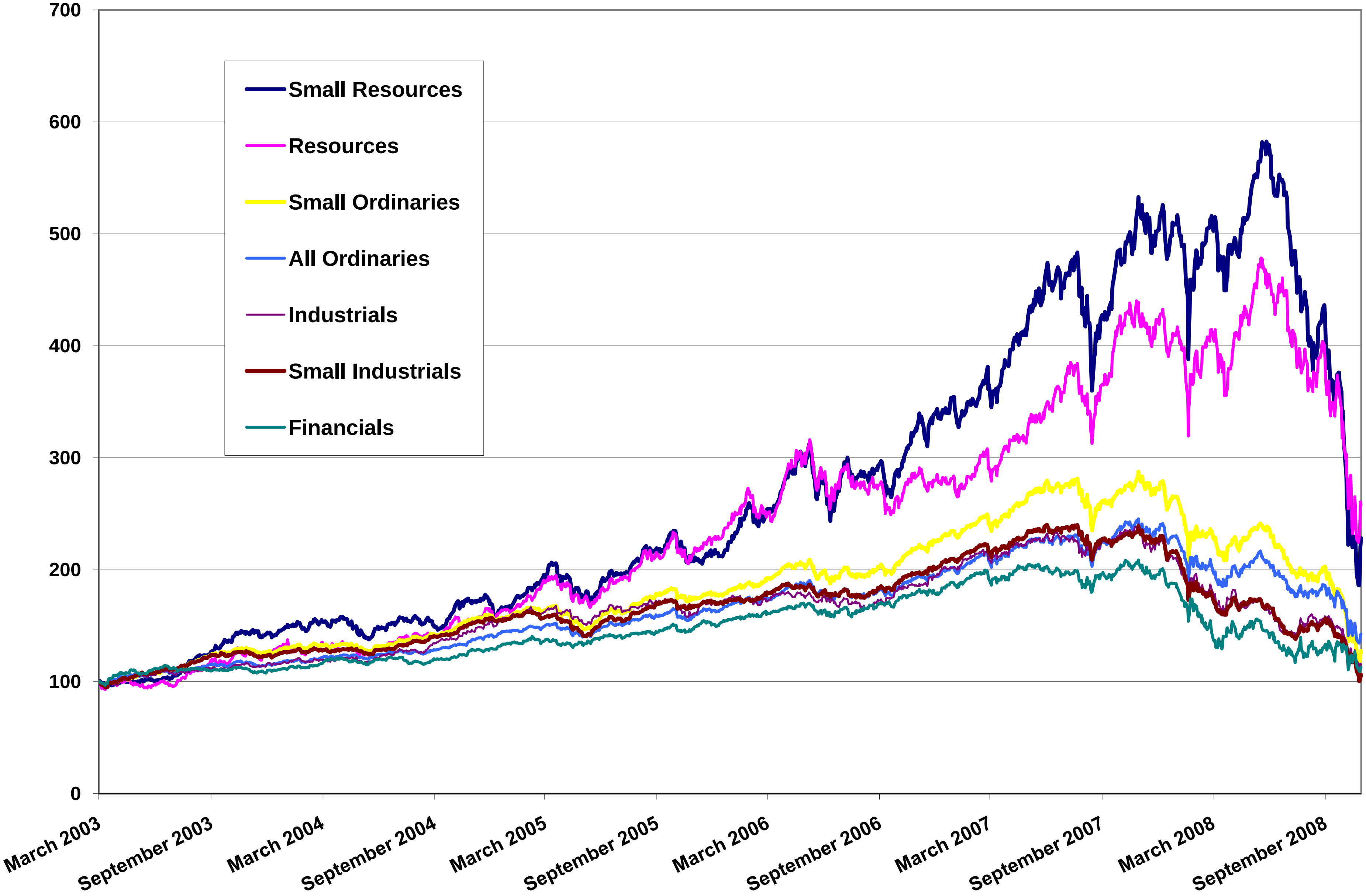
All Ordinaries: 28 February 1929 to 30 September 1934



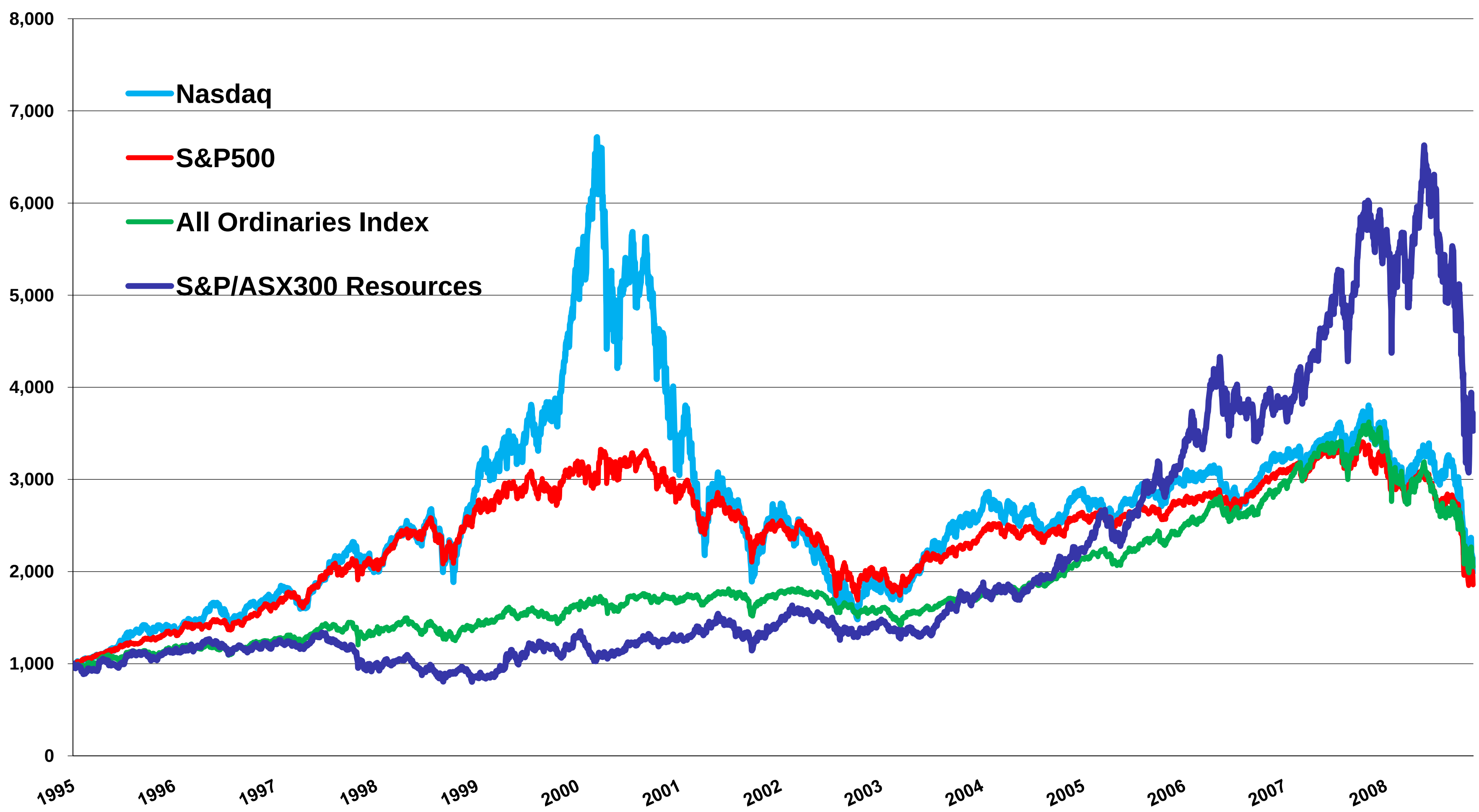
DOW JONES: 1 January 1900 to 31 October 2008



Market Indices: 1 March 2003 to 31 October 2008

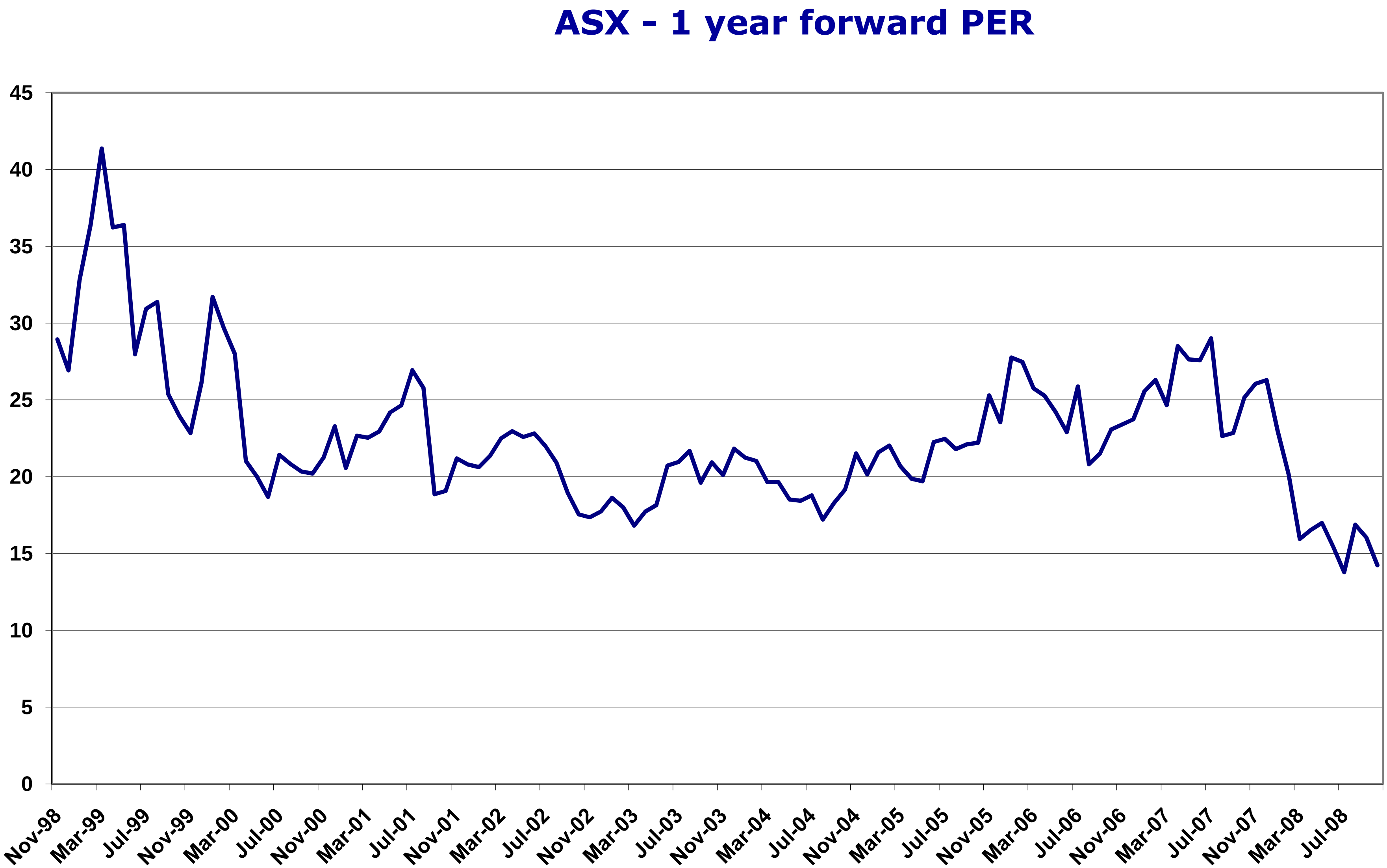


Technology vs Commodities Bubble

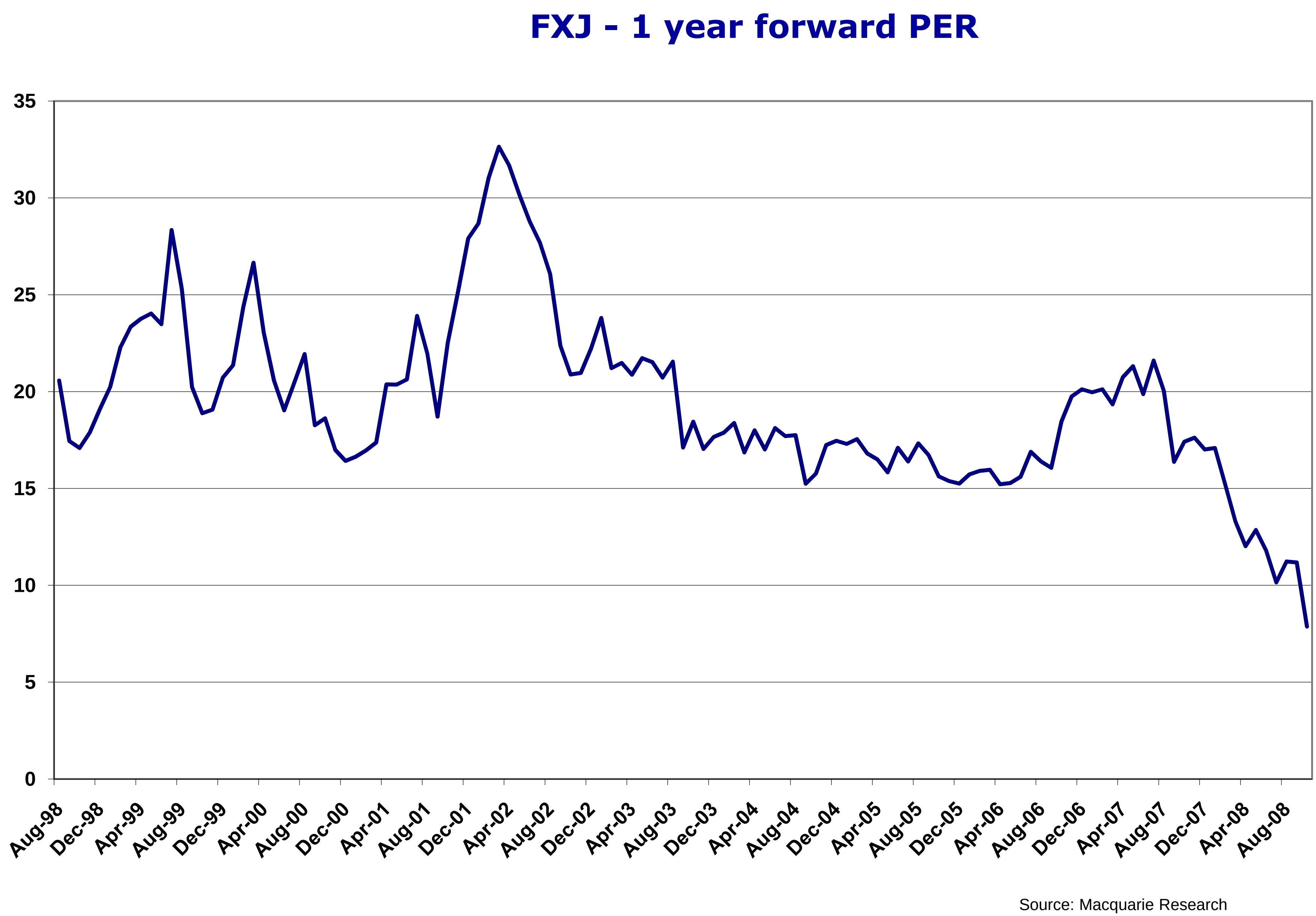


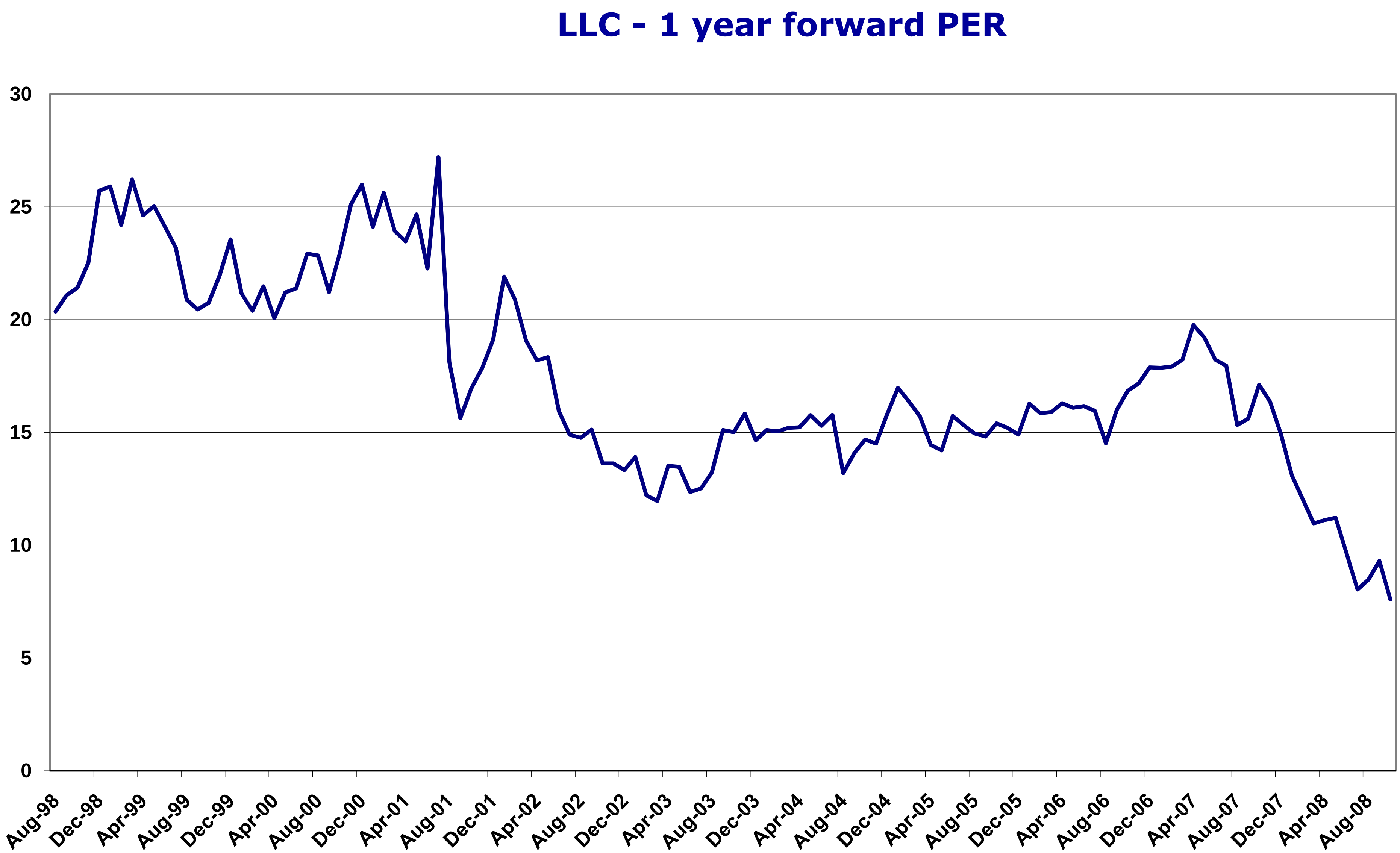
COMPANY VALUATION SLIDES

The following charts show the price being paid for Australia's major companies are the lowest in more than 2 decades. While we expect earnings to decline significantly in the coming 12 months, share prices have already declined in anticipation of the earnings slump.

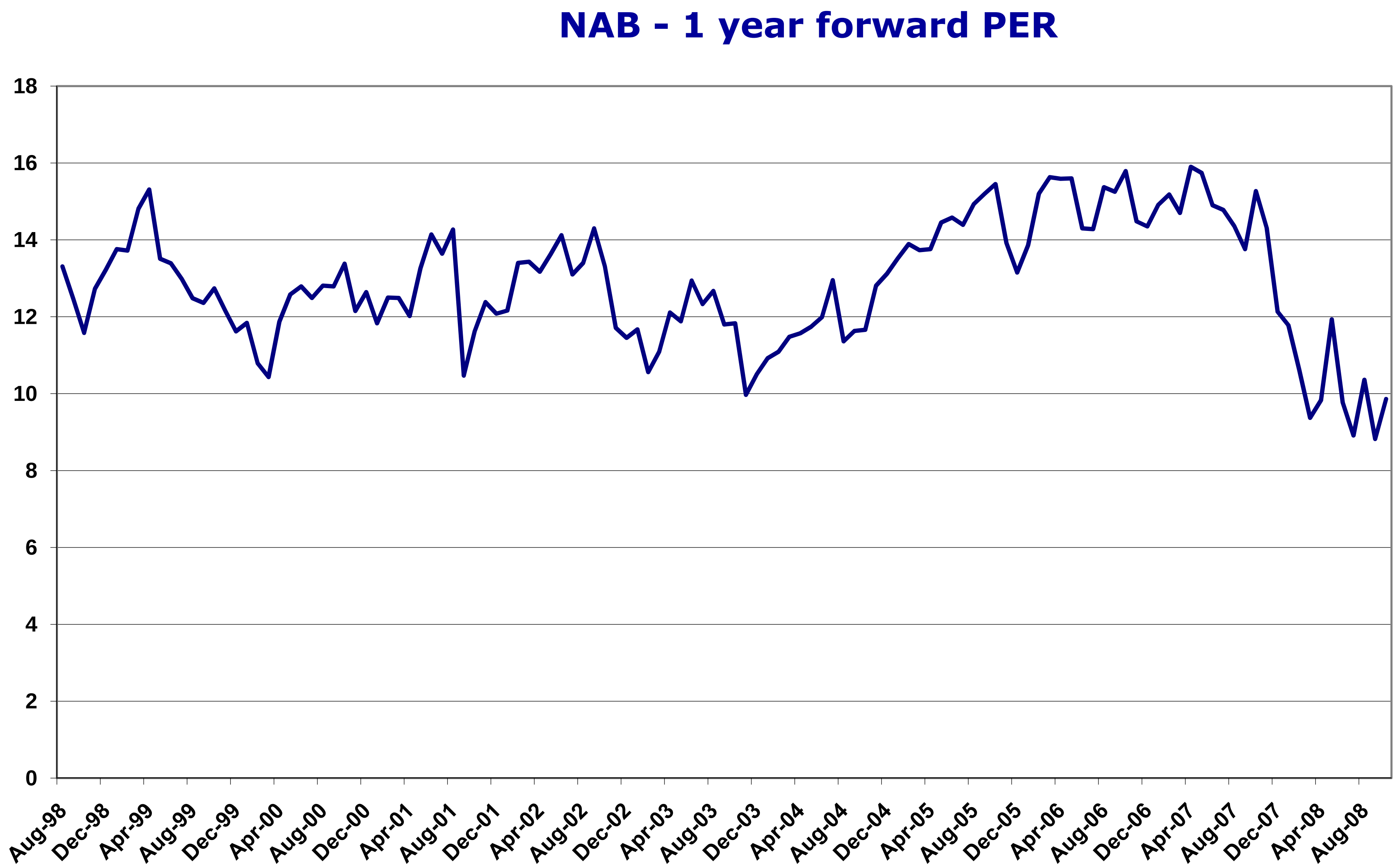


Source: Macquarie Research


FXJ - 1 year forward PER
35
30
25
20
15
10
5
0
Aug-98
Dec-98
Apr-99
Aug-99
Dec-99
Apr-00
Aug-00
Dec-00
Apr-01
Aug-01
Dec-01
Apr-02
Aug-02
Dec-02
Apr-03
Aug-03
Dec-03
Apr-04
Aug-04
Dec-04
Apr-05
Aug-05
Dec-05
Apr-06
Aug-06
Dec-06
Apr-07
Aug-07
Dec-07
Apr-08
Aug-08
Source: Macquarie Research

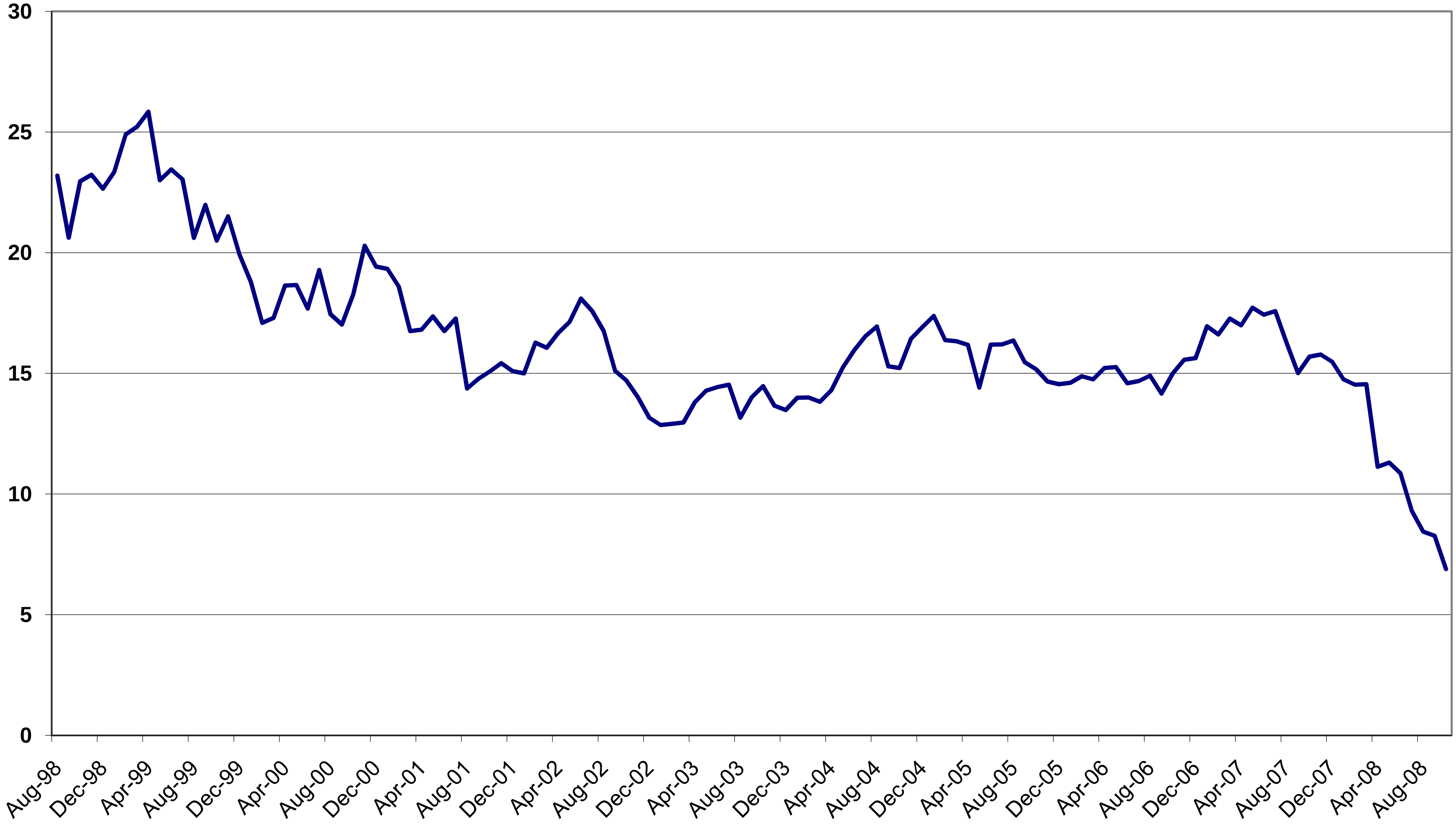


Source: Macquarie Research

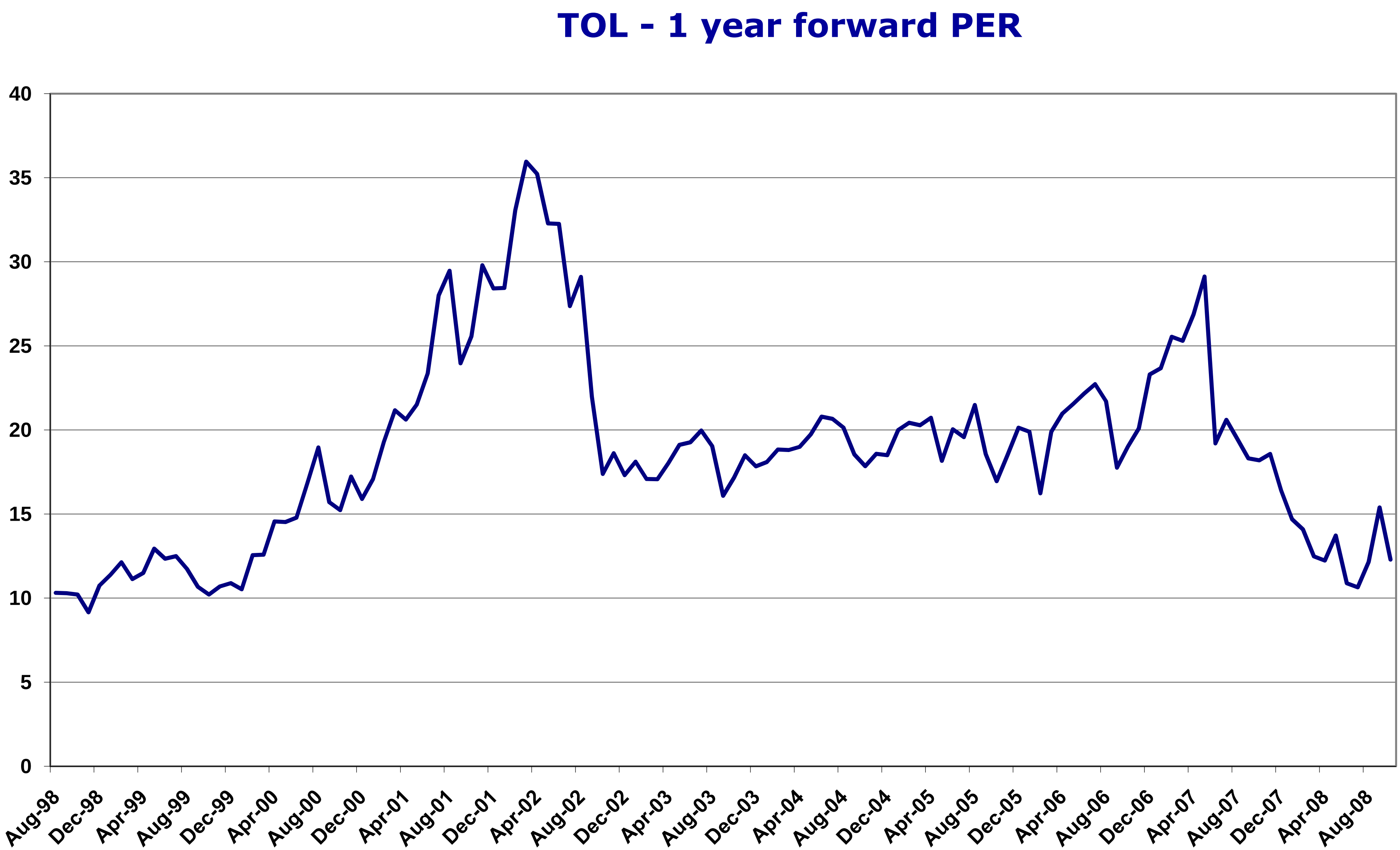


Source: Macquarie Research

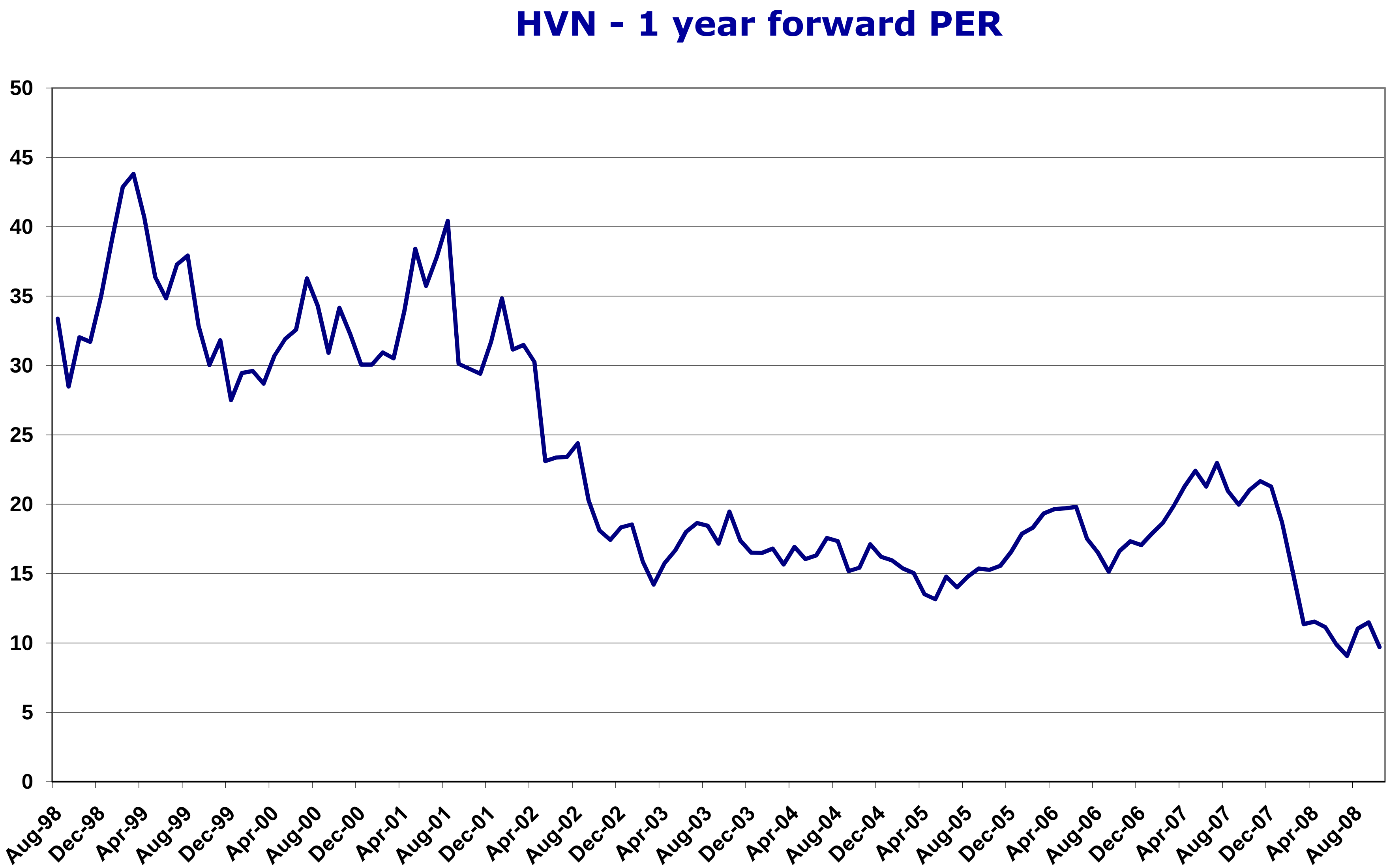
TAH - 1 year forward PER



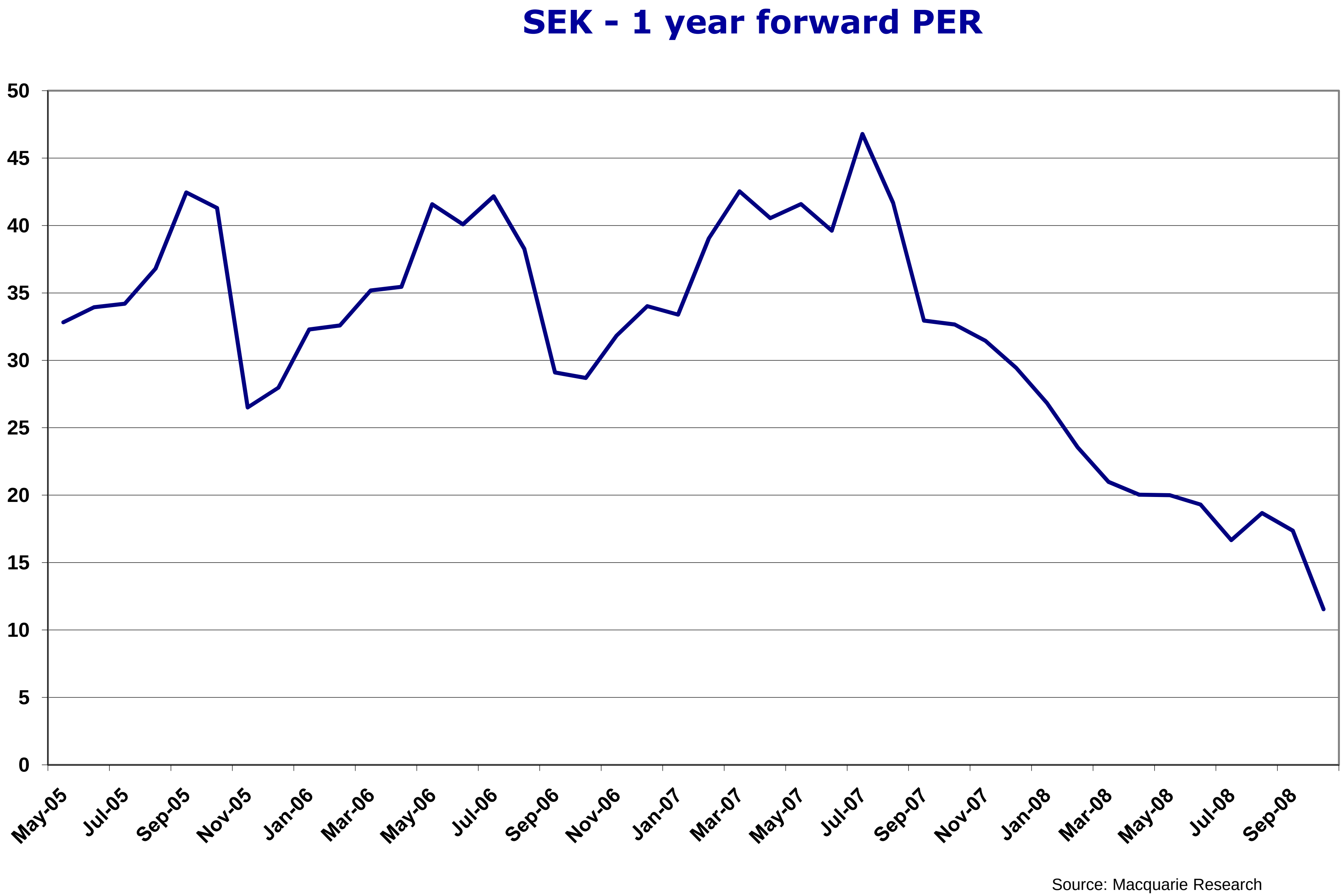
Source: Macquarie Research



Source: Macquarie Research



Source: Macquarie Research


SEK - 1 year forward PER
50
45
40
35
30
25
20
15
10
5
0
May-05
Jul-05
Sep-05
Nov-05
Jan-06
Mar-06
May-06
Jul-06
Sep-06
Nov-06
Jan-07
Mar-07
May-07
Jul-07
Sep-07
Nov-07
Jan-08
Mar-08
May-08
Jul-08
Sep-08
Source: Macquarie Research

What is a Listed Investment Company (LIC)?

- **Closed end pool of capital that invests in the stock market**

  Closed end means investors leave the fund by selling shares to another investor rather than redeeming money from the Fund.

- **No money leaves the fund.**
- **Superior structure**

  The manager of a LIC fund does not have to sell stocks in the portfolio to raise cash for the departing investor whereas open end funds require the manager to liquidate stocks to finance redemptions. These redemptions often occur when the market is falling and so the manager has to sell stocks which they believe represent good value.

Pre 1998 Listed Investment Companies – as at 31 October 2008

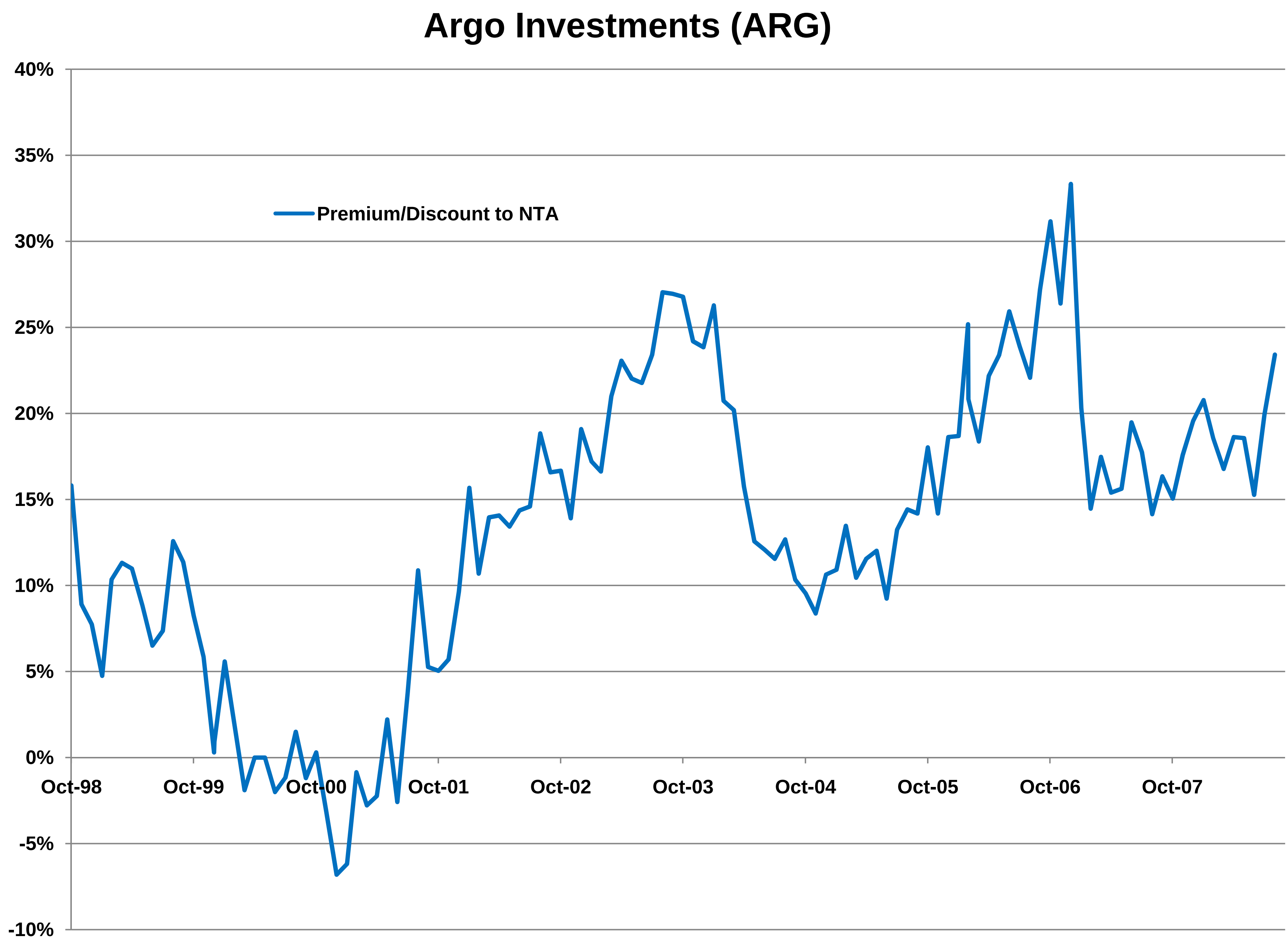
Name	Code	Share price*	Pre tax NTA	Premium/ Discount
Djerriwarrh Investments	DJW	$ 3.60	$ 3.41	5.57%
Argo Investments	ARG	$ 5.70	$ 5.44	4.78%
AFIC	AFI	$ 4.24	$ 4.18	1.44%
Milton Corporation	MLT	$ 16.01	$ 15.93	0.50%
Aberdeen Leaders	ALR	$ 1.25	$ 1.28	-2.34%
Australian United	AUI	$ 6.00	$ 6.15	-2.44%
Choiseul Investments	CHO	$ 4.50	$ 4.64	-3.02%
Diversified United Investments	DUI	$ 2.63	$ 2.78	-5.40%
Whitefield	WHF	$ 2.75	$ 3.07	-10.42%
Ironbark Capital	IBC	$ 0.40	$ 0.48	-15.79%
Average				**-2.71%**

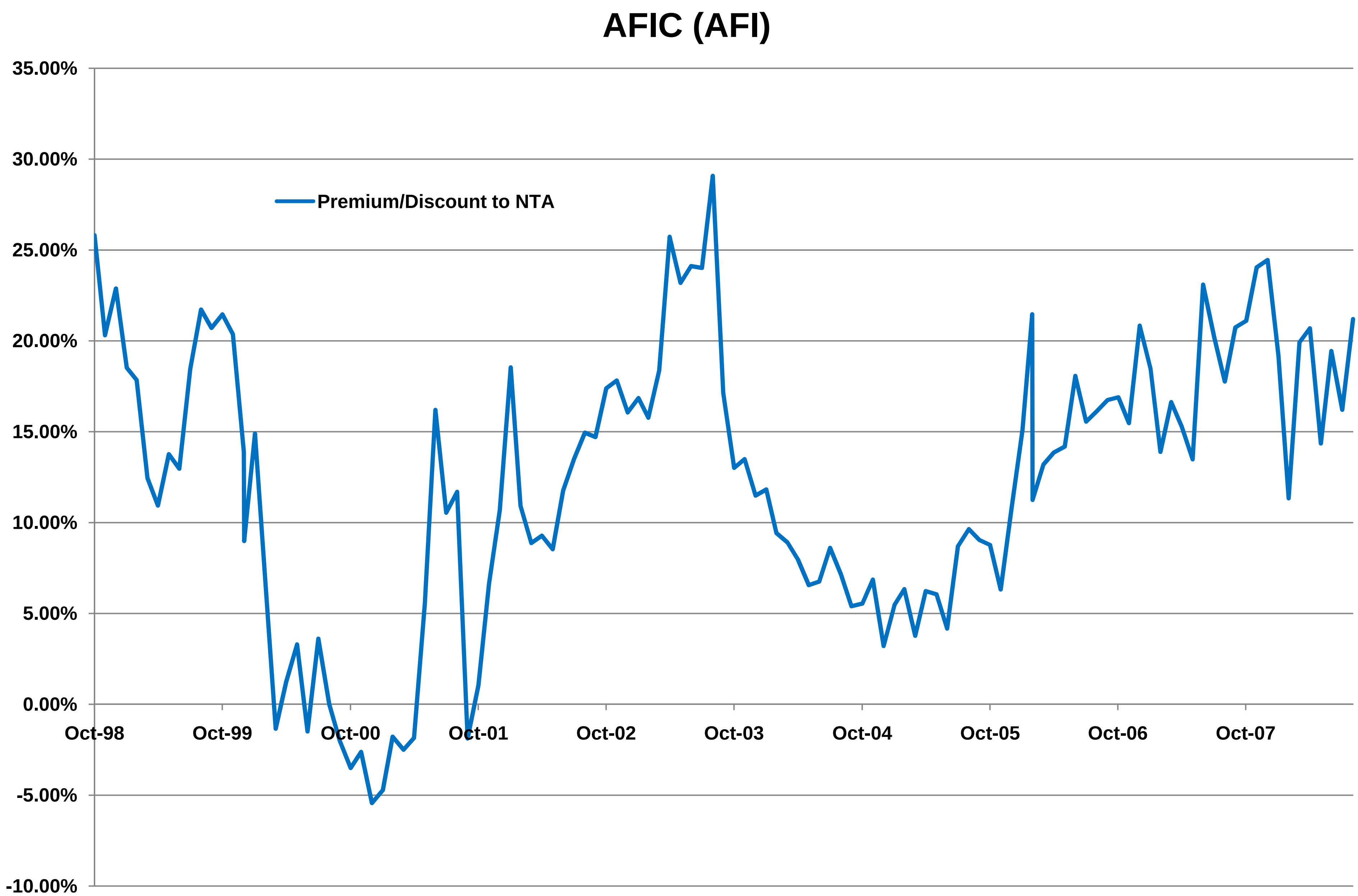
*as at 17 November

Post 1998 Listed Investment Companies – as at 31 October 2008

Name	Code	Share price*	Pre tax NTA	Premium/ Discount
Aurora Sandringham	AOD	$ 1.22	$ 1.22	-0.11%
AMCIL	AMH	$ 0.53	$ 0.57	-7.02%
WAM Active	**WAA**	**$ 0.85**	**$ 0.93**	**-8.44%**
Mirrabooka Investments	MIR	$ 1.40	$ 1.53	-8.50%
Century Australian Investments	CYA	$ 0.79	$ 0.90	-12.22%
Brickworks Investment Company	BKI	$ 1.06	$ 1.25	-15.20%
Emerging Leaders	ELI	$ 0.60	$ 0.80	-25.00%
Australian Leaders Fund	ALF	$ 0.70	$ 0.94	-25.87%
HFA Accelerator	HAP	$ 0.46	$ 0.63	-27.20%
WAM Capital	**WAM**	**$ 0.90**	**$ 1.28**	**-29.90%**
Wilson Investment Fund	**WIL**	**$ 0.59**	**$ 0.86**	**-31.51%**
Magellan Flagship Fund	MFF	$ 0.57	$ 0.87	-35.06%
MMC Contrarian	MMA	$ 0.46	$ 0.71	-35.12%
Contango Microcap	CTN	$ 0.65	$ 1.02	-36.15%
Linq Resources	LRF	$ 0.44	$ 0.74	-40.54%
Everest Babcock & Brown	EBI	$ 1.61	$ 2.80	-42.50%
Average				**-23.77%**

*as at 17 November


Argo Investments (ARG)
Premium/Discount to NTA
40%
35%
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
Oct-98
Oct-99
Oct-00
Oct-01
Oct-02
Oct-03
Oct-04
Oct-05
Oct-06
Oct-07


AFIC (AFI)
Premium/Discount to NTA
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
-10.00%
Oct-98
Oct-99
Oct-00
Oct-01
Oct-02
Oct-03
Oct-04
Oct-05
Oct-06
Oct-07

Profit Leverage to a fall in Revenue

		% change in Revenue	
		-5%	-10%
Revenue (m)	$100	$95	$90
Costs (m)	$80	$80	$80
Profit (m)	$20	$15	$10
% change in Profit		-25%	-50%

Profit Leverage to a rise in Revenue

		% change in Revenue	
		+5%	+10%
Revenue (m)	$100	$105	$110
Costs (m)	$80	$80	$80
Profit (m)	$20	$25	$30
% change in Profit		+25%	+50%

Analysis of sector performance in the US 6 and 12 months after the bottom of the market.

On average the top 4 sectors are:

- Technology
- Consumer Discretionary
- Financials
- Industrials

Source: UBS

	Sector Performance 6 Months after Trough	Sector Performance 12 Months after Trough
BEST	Technology 33.7%	Technology 44.0%
	Consumer Discretionary 25.6%	Consumer Discretionary 33.4%
	Financials 24.9%	Financials 32.8%
	Industrials 22.6%	Industrials 30.0%
	World 22.2%	World 29.7%
	Healthcare 20.7%	Materials 27.6%
	Materials 20.2%	Telecoms 27.4%
	Consumer Staples 19.7%	Healthcare 26.5%
	Telecoms 19.0%	Consumer Staples 26.3%
	Utilities 15.0%	Utilities 24.6%
WORST	Energy 14.7%	Energy 23.1%

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