



WAM ACTIVE LIMITED (WAA)
INVESTMENT UPDATE & NTA – AUGUST 2009

WAM Active Limited (WAA) listed on the Australian Stock Exchange in January 2008 after raising \$15.4 million.

WAA offers investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. This was achieved in our first 19 months with the Fund outperforming the S&P/ASX All Ordinaries Accumulation Index by 56.3% as shown in the table below. The investment objectives of WAA are to derive an absolute return, to deliver investors an income stream in the form of fully franked dividends and to preserve capital.

Set out below is the performance of WAM Active Limited since listing to 31 August 2009:

	Gross Portfolio **	All Ords. Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	+17.4%
2008/2009	+9.6%	-22.2%	+31.8%
YTD 2009/10	+17.8%	+14.6%	+3.2%

In August WAA's gross portfolio (before all fees, costs and taxes) increased by 7.50%, while the S&P/ASX All Ordinaries Accumulation Index increased by 6.47%.

NTA before tax	117.28c
NTA after tax and before tax on unrealised gains^	118.63c
NTA after tax	111.90c

^ Includes a tax asset of 1.35 cents per share.

MARKET OUTLOOK

The Australian share market's red hot streak since March 2009 continued in August with the All Ordinaries Accumulation Index rallying more than 6 per cent. August was the sixth consecutive up month as investors piled into the market in the belief the global financial meltdown was well and truly behind us. The market was propelled higher during the month on the back of improving domestic economic conditions with banking and building material sectors leading the charge. In contrast the mining sector took a breather with news that Chinese authorities were taking steps to slow their economy.

The Australian market has now risen approximately 45 per cent since it hit a bottom on March 6, 2009. This has been a dramatic increase that very few pundits predicted. While the local market continues to trade more than 30 per cent off its all time high in November, 2007 we are becoming increasingly cautious. The Reserve Bank of

Australia has made the decisive move of declaring the next interest rate move will be up. We expect this to either happen just before or just after Christmas. Unfortunately, with the Australian economy performing better than initially predicted, the RBA will probably have to increase rates by between 1.5 and 2 per cent over the next 18 months. Increasing rates slow economic growth and also lower company valuations. Therefore, we would expect the market to pause and maybe even head down while the upward rate cycle unfolds.

DIVIDENDS

On 20 July 2009 WAM Active Limited paid a final fully franked dividend of 2.0 cents per ordinary share. The DRP price was \$0.82.

The board is committed to paying an increasing stream of fully franked dividends to shareholders over time. Dividends can only be paid if the Company has sufficient profits and franking credits.

OPTIONS

On the 17 June 2009 a total of 15,400,100 WAM Active Limited quoted options (ASX Code: WAAO) exercisable at \$1.00 expired. No options were exercised.

PORTFOLIO STRUCTURE & STRATEGY

	As at 31 July 2009			As at 31 August 2009	
Investment Type	\$m	%		\$m	%
Listed Equities	13.18	74.1%		15.13	79.0%
Fixed Interest and Cash	4.60	25.9%		4.02	21.0%
Total Long Portfolio	17.78	100.0%		19.15	100.0%
Total Short Portfolio	-	-		0.05	100.0%
	No.			No.	
Total no. of ord shares on issue	15,489,219			15,489,219	
Total no. of options on issue	-			-	

During the month of August we held our cash level at an average of 23%. We established various positions in Challenger Diversified Property Group (CDI), Customers Limited (CUS), Finbar Group Limited (FRI), JB Hi-Fi Limited (JBH), Lycopodium Limited (LYL), Specialty Fashion Group Limited (SFH), Telstra Corporation Limited (TLS) and increased our holdings in Alternative Investment Trust (AIQ) and Wattyl Limited (WYL).

We purchased the ANZ November 09 \$17.50 put options and sold ANZ November 09 \$21 call options to protect part of our Australia and New Zealand Banking Group Limited (ANZ) position. We purchased WES September 09 \$24.88 calls and shorted WES stock on a ratio. We also sold TLS November \$3.50 calls against part of the stock we bought in the Future Fund sell down.

We took advantage of the following capital raisings: Adamus Resources Limited (ADU), Bendigo and Adelaide Bank Limited (BEN), Boart Longyear Limited (BLY), Bank of Queensland Limited (BOQ), Clarius Group Limited (CND), Carsales.Com Limited (CRZ), Healthscope Limited (HSP), India Equities Fund Limited (INE), Jackgreen Limited (JGL), ALE Property Group (LEP), McPherson's Limited (MCP), Northern Iron Limited (NFE), Nkwe Platinum Limited (NKP), Photon Group Limited (PGA), Ramsay Health Care Limited (RHC), Saracen Mineral Holdings Limited (SAR), Sedgman Limited

(SDM), Skilled Group Limited (SKE), Spotless Group Limited (SPT), Silver Swan Group Limited (SWN), Ten Network Holdings Limited (TEN), Telstra Corporation Limited (TLS), Uranium Exploration Australia Limited (UXA) and Whitehaven Coal Limited (WHC).

We reduced our holdings in National Australia Bank Limited (NAB), Flexigroup Limited (FXL), Oakton Limited (OKN), Fantastic Holdings Limited (FAN), Everest Financial Group Limited (EFG) and Boart Longyear Limited (BLY).

We traded positions in Seek Limited (SEK), Woodside Petroleum Limited (WPL), Primary Health Care Limited (PRY), Challenger Financial Services Group Limited (CGF), Monadelphous Group Limited (MND), QBE Insurance Group Limited (QBE), Mirvac Group (MGR) and NRW Holdings Limited (NWH).

We exited positions in Automotive Holdings Group Limited (AHE), ASX Limited (ASX), Boral Limited (BLD), Centrepont Alliance Limited (CAF), GrainCorp Limited (GNC), Linc Energy Ltd (LNC), Neptune Marine Services Limited (NMS), Thorn Group Limited (TGA), Toll Holdings Limited (TOL), Tower Australia Group Limited (TAL) and STW Communications Group Limited (SGN).

At 31 August 2009 the major securities held in the portfolio were:

CODE	COMPANY	MARKET VALUE \$	MARKET VALUE as % of Long Portfolio	MARKET VALUE as % of Gross Assets
LNN	Lion Nathan Limited	1,964,948	13.0%	10.3%
TLS	Telstra Corporation Limited *	1,313,813	8.7%	6.9%
PBG	Pacific Brands Limited	773,149	5.1%	4.0%
NAB	National Australia Bank limited	772,947	5.1%	4.0%
MCP	McPherson's Limited	661,766	4.4%	3.5%
FKP	FKP Property Group	620,500	4.1%	3.2%
FXL	Flexigroup Limited	530,500	3.5%	2.8%
FBU	Fletcher Building Limited	506,566	3.3%	2.7%
RHG	RHG Limited	497,619	3.3%	2.6%
ABC	Adelaide Brighton Limited	386,918	2.6%	2.0%
VBA	Virgin Blue Holdings Limited	378,897	2.5%	2.0%
CCQ	Contango Capital Partners Limited	353,001	2.3%	1.8%
OKN	Oakton Limited	338,811	2.2%	1.8%
PMV	Premier Investments Limited	332,883	2.2%	1.7%

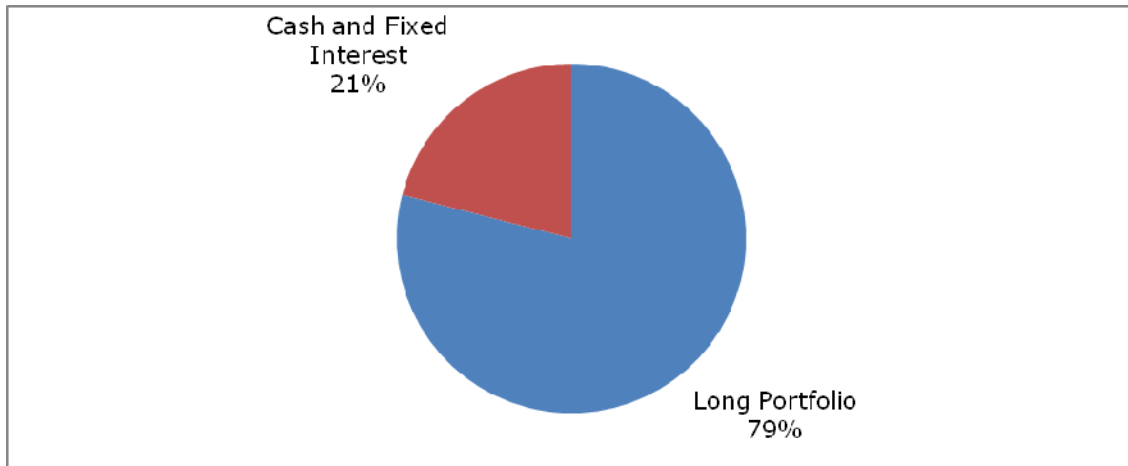
* Indicates that options were outstanding against part of the holding

PERFORMANCE TABLE

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
Gross Portfolio **	+0.3%	+1.2%	+0.5%	+1.6%	+2.4%	-3.7%	-1.1%
All Ords Accum.	-11.2%	+0.3%	-4.1%	+4.6%	+2.5%	-7.3%	-5.2%
	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09
Gross Portfolio *	+0.1%	-3.8%	-5.3%	-5.2%	+3.4%	-1.9%	+0.6%
All Ords Accum.	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%
	Mar 09	Apr 09	May 09	June 09	July 09	Aug 09	Since Inception
Gross Portfolio *	+4.5%	+7.6%	+5.0%	+6.2%	+9.6%	+7.5%	+32.0%
All Ords Accum.	+8.1%	+6.1%	+2.2%	+3.9%	+7.7%	+6.5%	-24.3%

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

PORTFOLIO STRUCTURE - ASSET ALLOCATION



LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION

