



WAM ACTIVE LIMITED (WAA)
INVESTMENT UPDATE & NTA – OCTOBER 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. Since inception WAA has outperformed the overall sharemarket. WAA's portfolio (before all fees, costs, taxes and dividends) has increased by 43.1% compared to a 21.3% decrease in the S&P/ASX All Ordinaries Accumulation Index. 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 October 2009:

	Gross Portfolio	S&P/ASX All Ords. Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	+17.4%
2008/2009	+9.6%	-22.2%	+31.8%
YTD 2009/10	+27.7%	+19.3%	+8.4%

In October WAA's gross portfolio (before all fees, costs and taxes) increased by 2.10%, while the S&P/ASX All Ordinaries Accumulation Index decreased by 1.89%.

NTA before tax	125.54c
NTA after tax and before tax on unrealised gains^	124.36c
NTA after tax	118.10c

^Includes a tax asset of 0.3 cents per share.

MARKET OUTLOOK

The Australian share market experienced its first down month in nine during October, falling 1.9 per cent. This decline was not unexpected given the market had risen a hefty 58 per cent from its lows on March 6, 2009. During its staggering rise the market has failed to have a correction of more than 8 per cent, reflecting improving economic conditions and the significant amount of money sitting in cash, waiting for an opportunity to invest. We believe the market will continue to track higher through the course of 2009 and possibly into 2010. However, the medium to longer term outlook is not so easy to predict. Official interest rates are on the rise and valuations, while not expensive, are no longer historically cheap. As will be discussed at length at our Annual General Meeting and subsequent presentations, share markets following a crash, like we experienced in 2008, do not automatically enter a multi-year bull

market. To reach all time record highs is most likely to happen over five to seven years.

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.

PORTFOLIO STRUCTURE & STRATEGY

	As at 30 September 2009			As at 31 October 2009	
Investment Type	\$m	%		\$m	%
Listed Equities	15.75	77.8%		14.42	69.3%
Fixed Interest and Cash	4.49	22.2%		6.40	30.7%
Total Long Portfolio	20.24	100.0%		20.82	100.0%
Total Short Portfolio	(0.01)			(0.01)	
	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 October we increased our cash level to an average of 26%. We established positions in Austock Group Limited (ACK), Breville Group Limited (BRG), Cedar Woods Properties Limited (CWP), DWS Advanced Business Solutions (DWS), Flight Centre Limited (FLT), Heritage Building Society Limited (HBSHA), K&S Corporation (KSC), Navitas Limited (NVT), QBE Insurance Group Limited (QBE), Tower Australia Group (TAL), Toll Holdings Limited (TOL), AV Jennings Limited (AVJ).

We took advantage of the following capital raisings: Bauxite Resources Limited (BAU), Capral Limited (CAA), Every Day Mine Services Limited (EDS), EFTel Limited (EFT), Focus Minerals Ltd (FML), Flinders Mines Limited (FMS), Integra Mining Limited (IGR), ING Industrial Fund (IIF), Liquefied Natural Gas Limited (LNG), Myer Holdings Limited (MYR), Oil Search Limited (OSH), Pluton Resources Limited (PLV), Redstone Resources Limited (RDS), Silver Chef Limited (SIV), Toro Energy Limited (TOE), VDM Group (VMG), Wilmott Forests Limited (WFL).

We reduced our holdings in Adelaide Brighton Limited (ABC), Australia and New Zealand Banking Group (ANZ), AXA Asia Pacific Limited (AXA), Credit Corp Group Limited (CCP), Contango Capital Partners Limited (CCQ), Centennial Coal Company Limited (CEY), Cape Lambert Iron Ore Limited (CFE), Calliden Group Limited (CIX), Clarius Group Limited (CND), Central Petroleum Limited Options (CTPO), Decmil Group Limited (DCG), Fantastic Holdings Limited (FAN), FKP Property Group (FKP), Horizon Oil Limited (HZN), Impedimed Limited (IPD), Jackgreen Limited (JGL), Lihir Gold Limited (LGL), Lion Nathan Limited (LNN), MacArthur Coal Limited (MCP), Medusa Mining Limited (MML), National Australia Bank Ltd (NAB), New Hope Corporation Limited (NHC), North Queensland Metals Limited (NQM), News Corporation (NWS), Oakton Limited (OKN), Pacific Brands Limited (PBG), Paladin Energy Ltd (PDN), Paragon Care Limited (PGC), Ramsay Health Care Limited (RHC), RHG Limited (RHG), Ridley Corporation Limited (RIC), Runge Limited (RUL), Sirtex

Medical Limited (SRX), Ten Network Holdings Ltd (TEN), Telstra Corporation Limited (TLS), Unilife Medical Solutions Limited (UNI), Virgin Blue Holdings Limited (VBA), Westpac Banking Corporation (WBC), Western Plains Resources Ltd (WPG).

We traded positions in WDS Limited (WDS), Van Eyk Three Pillars Limited (VTP), Service Stream Limited (SSM), Polaris Metals NL (POL), Mosaic Oil NL (MOS) and GrainCorp Limited (GNC).

At 31 October 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
MCP	McPherson's Limited	931,057	6.5%	4.5%
TLS	Telstra Corporation Limited *	632,493	4.4%	3.1%
SKE	Skilled Group Limited	458,998	3.2%	2.2%
FXL	Flexigroup Limited	456,616	3.2%	2.2%
HBSHA	Heritage Building Society Limited	411,279	2.9%	2.0%
RHG	RHG Limited	407,403	2.8%	2.0%
VBA	Virgin Blue Holdings Limited	404,773	2.8%	2.0%
NAB	National Australia Bank Ltd	397,005	2.8%	1.9%
QBE	QBE Insurance Group Limited	387,090	2.7%	1.9%
FLT	Flight Centre Limited	378,335	2.6%	1.8%
CUS	Customers Limited	374,961	2.6%	1.8%
TOL	Toll Holdings Limited	364,225	2.5%	1.8%
FBU	Fletcher Building Limited	362,304	2.5%	1.8%
WYL	Wattyl Limited	338,383	2.3%	1.6%

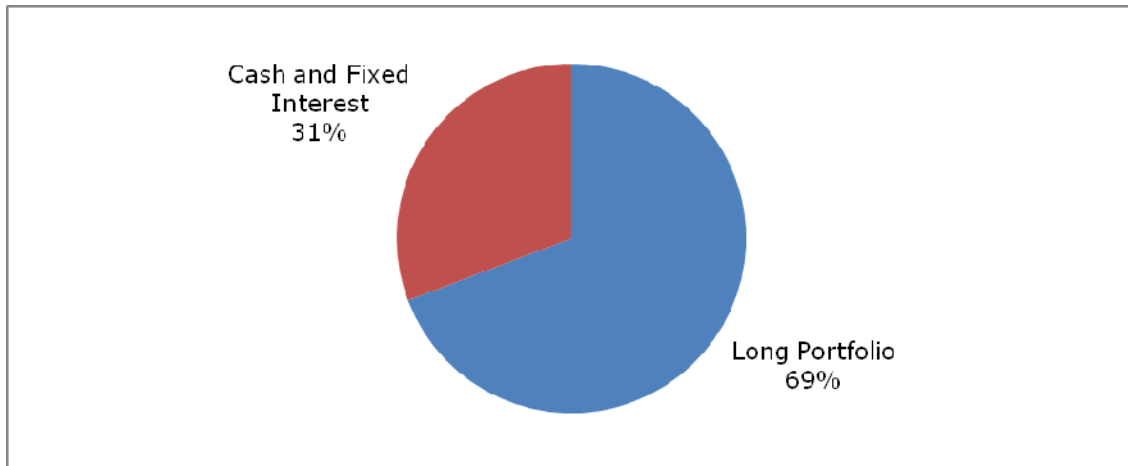
* Indicates that options were outstanding against part of the holding

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	Sep 09
Gross Portfolio **	+4.5%	+7.6%	+5.0%	+6.2%	+9.6%	+7.5%	+6.2%
All Ords Accum.	+8.1%	+6.1%	+2.2%	+3.9%	+7.7%	+6.5%	+6.0%
	Oct 09						Since Inception
Gross Portfolio **	+2.7%						+43.9%
All Ords Accum.	-1.9%						-21.3%

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

PORTFOLIO STRUCTURE - ASSET ALLOCATION



LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION

