



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NTA – DECEMBER 2009

WAM Active Limited (WAA) listed on the Australian Stock Exchange in January 2008.

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 44.9% compared to a 16.8% 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 inception	12 month	6 month	3 month
WAM Active	+44.9%	+60.2%	+29.4%	+3.5%
S&P/ASX All Ords Accum	-16.8%	+39.6%	+26.1%	+3.7%
Outperformance	+61.7%	+20.6%	+3.3%	-0.2%

In December WAA's gross portfolio (before all fees, costs and taxes) increased by 0.97%, while the S&P/ASX All Ordinaries Accumulation Index increased by 3.69%.

NTA before tax	127.87c
NTA after tax and before tax on unrealised gains	125.14c
NTA after tax	119.83c

MARKET OUTLOOK

The traditional Christmas rally arrived late in 2009 but was strong enough to lift the All Ordinaries Accumulation index by a healthy 3.7 per cent for the month. This took the total gains for the 2009 calendar year to approximately 33 per cent. For much of December the market tracked sideways, as has been the case since the middle of October when the Reserve Bank of Australia lifted official interest rates. The late surge in December is likely to continue into the early part of 2010 as investors around the globe become increasingly confident that the worst of the global financial crises is behind us. We believe the significant rally we have enjoyed since March 2009 will lose momentum as we progress into 2010. Valuations are no longer ridiculously cheap and

historically low interest rates will start to move higher. In the short term the ability to simply buy any stocks and enjoy the rebound in prices is coming to an end. We believe sectors that have been left behind in the rally may enjoy a better first half in 2010, while the star performers of last year may flounder. This is an extremely difficult period for investors as the sector rotation has started to take place. Later in 2010 we would expect a much more defensive positioning will be needed as valuations become stretched and interest rates rise. In the longer term we would anticipate that share prices will level out in 2011 or possibly 2012 before starting a much longer and sustainable recovery. History tells us that share markets take between 5 and 7 years before they reach a new high. If we believe November 2007 was a multi-year high this would mean late 2012 is the earliest we could anticipate hitting an all time high on the Australian market.

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 November 2009		As at 31 December 2009	
Investment Type	\$m	%	\$m	%
Listed Equities	15.40	73.7%	12.15	56.7%
Fixed Interest and Cash	5.50	26.3%	9.28	43.3%
Total Long Portfolio	20.90	100.0%	21.43	100.0%
Total Short Portfolio	(0.18)		(0.58)	
	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 December we increased our cash level to an average of 34.8%.

We established positions in Ausmelt Limited (AET), Codan Limited (CDA) and Metcash Limited (MTS).

We took advantage of the following capital raisings: Epsilon Energy Limited (EPS), Nkwe Platinum Limited (NKP), Red 5 Limited (RED), Woodside Petroleum Limited (WPL) and Investorfirst Limited (INQ).

We traded positions in Mirvac Group (MGR), Flexigroup Limited (FXL) and sold short positions in Primary Health Care Limited (PRY) and Newcrest Mining Limited (NCM).

We reduced our holdings in PanAust Limited (PNA), Challenger Diversified Property Group (CDI), DWS Advanced Business Solutions Limited (DWS), ELK Petroleum Limited (ELK), Harvey Norman Holdings Limited (HVN), Maryborough Sugar Factory Limited (MSF), Silver Chef Limited (SIV), Telstra Corporation Limited (TLS), TPG Telecom (TPG), Westpac Banking Corporation (WBC),

We exited positions in Polaris Metals NL (POL), Oakton Limited (OKN), A1 Minerals Limited (AAM), Adelaide Brighton Limited (ABC), Ampella Mining Limited (AMX), ARB Corporation Limited (ARP), Bauxite Resources Limited (BAU), Cedar Woods Properties Limited (CWP), Flinders Mines Limited (FMS), Focus Minerals Ltd (FML), Globe Metals & Mining Limited (GBE), Integra Mining Limited (IGR), Kathmandu Holdings Limited (KMD), National Australia Bank Limited (NAB), OZ Minerals Limited (OZL), Pacific Brands Limited (PBG), Rivercity Motorway Group (RCY), Runge Limited (RUL), Skilled Group Limited (SKE) and Willmott Forests Limited (WFL).

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

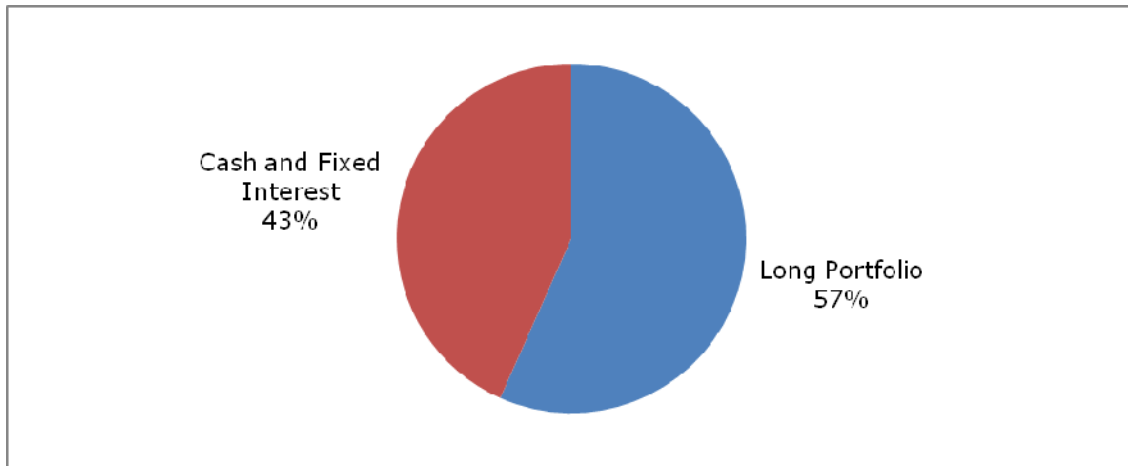
CODE	COMPANY	MARKET VALUE \$	MARKET VALUE as % of Long Portfolio	MARKET VALUE as % of Gross Assets
MCP	McPherson's Limited	964,811	7.9%	4.6%
VBA	Virgin Blue Holdings Limited	523,053	4.3%	2.5%
TOL	Toll Holdings Limited	520,030	4.3%	2.5%
FXL	Flexigroup Limited	465,016	3.8%	2.2%
WES	Wesfarmers Limited	451,852	3.7%	2.2%
QAN	Qantas Airways Limited	406,640	3.3%	2.0%
RHG	RHG Limited	401,656	3.3%	1.9%
TEN	Ten Network Holdings Limited	387,940	3.2%	1.9%
MTS	Metcash Limited	379,950	3.1%	1.8%
TLS	Telstra Corporation Limited	361,899	3.0%	1.7%
AAD	Ardent Leisure Group (previously MLE)	357,848	2.9%	1.7%
FXJ	Fairfax Media Limited	354,960	2.9%	1.7%
CUS	Customers Limited	351,002	2.9%	1.7%
FBU	Fletcher Building Limited	350,336	2.9%	1.7%

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	Nov 09	Dec 09				Since Inception
Gross Portfolio **	+2.7%	+0.3%	+1.0%				+44.9%
All Ords Accum.	-1.9%	+1.9%	+3.7%				-16.8%

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

PORTFOLIO STRUCTURE - ASSET ALLOCATION



LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION

