



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NTA – FEBRUARY 2010

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 39.8% compared to a 20.2% 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 WAA:

	Since inception	12 month	6 month	3 month
WAM Active	+39.8%	+56.5%	+5.9%	-2.6%
S&P/ASX All Ords Accum	-20.2%	+47.0%	+5.4%	-0.6%
Outperformance	+60.0%	+9.5%	+0.5%	-2.0%

In February WAA's gross portfolio (before all fees, costs and taxes) remained the same, while the S&P/ASX All Ordinaries Accumulation Index increased by 1.8%.

NTA before tax	120.45c
NTA after tax and before tax on unrealised gains	117.66c
NTA after tax	113.76c

The above numbers are after the payment of a fully franked dividend of 3.0 cents per share paid on 26 February 2010.

MARKET OUTLOOK

World share markets stabilised in February after a sudden drop in January that was driven by debt concerns in Europe. In February the All Ordinaries Accumulation index rose 1.8 per cent with all of the major banking stocks jumping sharply on the back of positive trading updates. The market continues to climb a wall of worry as investors look to dial up their risk following the shocks of 2008 and early 2009. The Australian

market continued its February rebound with a strong start to March and the All Ordinaries is now trading close to the highs reached in January.

Overall, the reporting season for the six months to December 2009, were slightly better than analysts forecast. The results were characterised by minimal revenue growth and a significant reduction in costs. The efforts by management to keep costs under control all bodes well for profits over the next 6 to 12 months as the economy steadily picks up through the course of calendar year 2010.

Despite the positive outlook for profits in the medium term we still remain cautious and are wary of the rising interest rate environment. If interest rates continue to rise this will eventually slow economic growth and put pressure on company earnings.

DIVIDENDS

On 26 February 2010 WAM Active Limited paid a final fully franked dividend of 3.0 cents per ordinary share. The DRP price was \$1.143.

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.

OPTION ISSUE

The Directors of WAA announced a 1 for 1 bonus issue for its shareholders on 8 February 2010. The options have an exercise price of \$1.15 per option and can be exercised any time up until the expiry date of 30 April 2011.

PORTFOLIO STRUCTURE & STRATEGY

	As at 31 January 2010		As at 28 February 2010	
Investment Type	\$m	%	\$m	%
Listed Equities	14.02	68.6%	12.15	61.6%
Fixed Interest and Cash	6.42	31.4%	7.57	38.4%
Total Long Portfolio	20.44	100.0%	19.72	100.0%
Total Short Portfolio	(0.35)		(0.00)	
	No.		No.	
Total no. of ord shares on issue	15,489,219		15,602,308	
Total no. of options on issue	-		15,489,219	

During the month of February we decreased our cash level to an average of 34.9%.

We established positions in Bendigo and Adelaide Bank Limited (BEN), National Australia Bank Limited (NAB), Westpac Banking Corporation (WBC), Commonwealth Bank of Australia (CBA), ANZ Banking Group Limited (ANZ), Century Australia Investments Limited (CYA) and Van Eyk Three Pillars Limited (VTP).

We took advantage of the following capital raisings: TPG Telecom Limited (TPM) and Antares Energy Limited (AZZ), Devine Limited (DVN), Flexigroup Limited (FXL), Sandfire Resources NL (SFR).

We traded positions in CSL Limited (CSL) and McMillan Shakespeare Limited (MMS).

We reduced our holdings in Ardent Leisure Group (AAD), DWS Advanced Business Solutions Limited (DWS), and closed out short positions in Newcrest Mining Limited (NCM) and Primary Health Care Limited (PRY).

We exited positions in Westfield Group (WDC), Navitas Limited (NVT), Bauxite Resources Limited (BAU), Cape Lambert Resources Limited (CFE), Elk Petroleum Limited (ELK), Harvey Norman Holdings Limited (HVN), Mt Gibson Iron Limited (MGX), Flight Centre Limited (FLT), Boart Longyear Limited (BLY), Lend Lease Group (LLC), Toll Holdings Limited (TOL) and Qantas Airways Limited (QAN).

At 28 February 2010 the major securities held in the portfolio were:

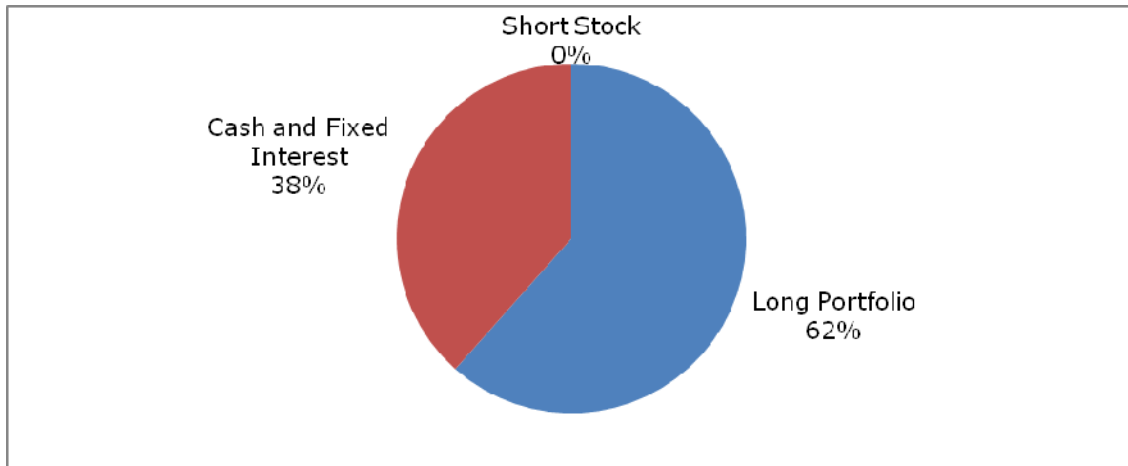
CODE	COMPANY	MARKET VALUE \$	MARKET VALUE as % of Long Portfolio	MARKET VALUE as % of Gross Assets
MCP	McPherson's Limited	837,116	6.9%	4.2%
VBA	Virgin Blue Holdings Limited	566,708	4.7%	2.9%
RHG	RHG Limited	559,727	4.6%	2.8%
WES	Wesfarmers Limited	545,086	4.5%	2.8%
TEN	Ten Network Holdings Limited	516,163	4.2%	2.6%
WBC	Westpac Banking Corporation	444,210	3.7%	2.3%
ANZ	ANZ Banking Group Limited	440,586	3.6%	2.2%
CBA	Commonwealth Bank of Australia	421,654	3.5%	2.1%
FBU	Fletcher Building Limited	411,723	3.4%	2.1%
NAB	National Australia Bank Limited	410,856	3.4%	2.1%
MTS	Metcash Limited	399,228	3.3%	2.0%
SGN	STW Communications Group Limited	365,690	3.0%	1.9%
BEN	Bendigo and Adelaide Bank Limited	359,788	3.0%	1.8%
MOF	Macquarie Office Trust	357,000	2.9%	1.8%

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	Jan 10	Feb 10		Since Inception
Gross Portfolio **	+2.7%	+0.3%	+1.0%	-3.6%	+0.0%		+39.8%
All Ords Accum.	-1.9%	+1.9%	+3.7%	-5.8%	+1.8%		-20.2%

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

PORTFOLIO STRUCTURE - ASSET ALLOCATION



LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION

