



WAM ACTIVE LIMITED (WAA) **INVESTMENT UPDATE & NTA – OCTOBER 2008**

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 ten months with the Fund outperforming the All Ordinaries Accumulation Index by 28.0%.

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.

NTA before tax payable and after tax assets	92.84c
NTA after tax and before tax on unrealised	92.84c
NTA after tax	92.73c

MARKET OUTLOOK

October was a traumatic period for equity markets around the globe. The All Ordinaries Accumulation Index fell 14% for the month and at one stage was down more than 19%. The index has now fallen 38% for the calendar year and 43% since its peak on 1 November 2007.

The September/October months were the worst consecutive months for the Australian market in 21 years. The latest bout of selling is based on growing fears that the World, including Australia will plunge into recession in 2009. Most economists believe the USA, UK and Europe are already in recession, with the rest of the world set to follow in 2009. Equity investors are concerned this slow down will result in company earnings falling dramatically in the coming year. Until there is more clarity on earnings we believe the market will find it difficult to break the bear trend. We are excited about the opportunities that are beginning to appear.

PORTFOLIO STRUCTURE & STRATEGY

Investment Type	As at 30 September 2008		As at 31 October 2008	
	\$m	%	\$m	%
Listed Equities	3.48	23.8%	2.64	19.1%
Fixed Interest and Cash	11.12	76.2%	11.18	80.9%
Total Long Portfolio	14.60	100.0%	13.82	100.0%
Total Short Portfolio	-	-	-	-
	No.		No.	
Total no. of ord shares on issue	15,400,101		15,400,101	
Total no. of options on issue	15,400,100		15,400,100	

During the month of October our cash level averaged 80%. We are waiting for the volatility of the market to decrease. More liquid holdings were sold on positive days such as Centennial Coal Company Limited (CEY), Leighton Holdings Limited (LEI) and The Mac Services Group Limited (MSL). Positions we reduced were in Toll Holdings Limited (TOL) and Wotif.com Holdings Limited (WTF).

The frequency of capital raisings increased during the month especially in the Real Estate Investment Trust sector. We participated in the following placements at reasonable discounts – GPT Group (GPT), Goodman Group Limited (GMG) and Stockland Group Limited (SGP).

Our weightings to the financial sector were adjusted taking positions in AMP Limited (AMP), Australia and New Zealand Banking Group (ANZ) and Commonwealth Bank of Australia (CBA) while decreasing our holding in National Australia Bank Limited (NAB).

During the month positions were traded in JB Hi-Fi Limited (JBH), Macquarie Group Limited (MQG) and WorleyParsons Limited (WOR).

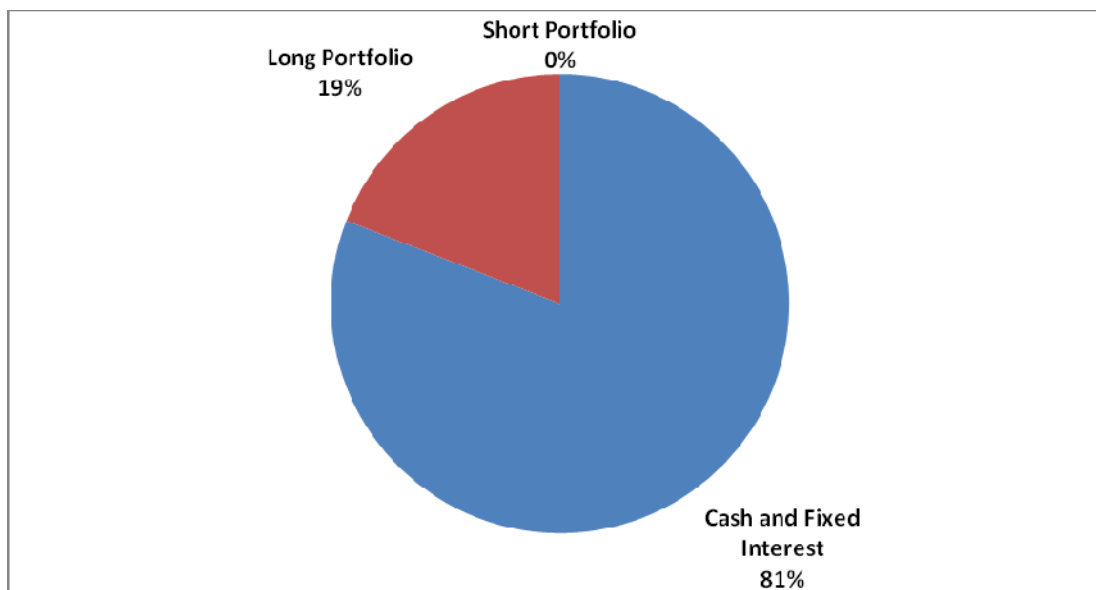
As companies focus on repairing their balance sheets by reducing debt, there are significant trading opportunities presently themselves via capital raisings at attractive discounts.

PORTFOLIO STRUCTURE & STRATEGY (continued)

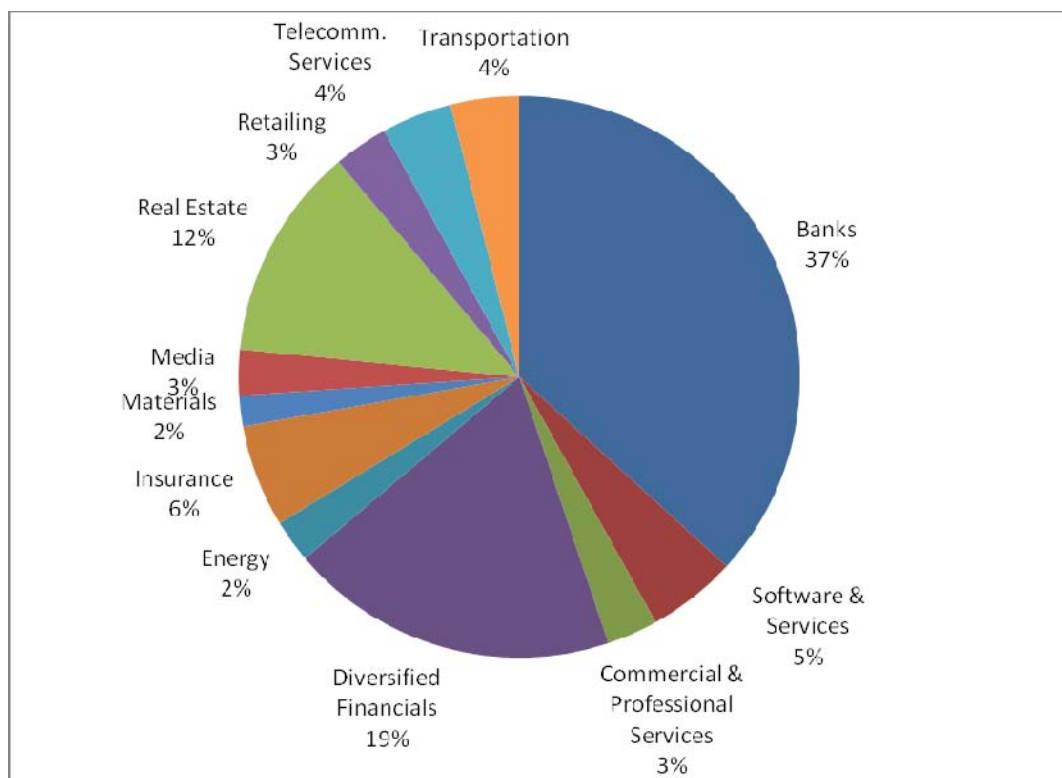
At 31 October 2008 the major securities held in the portfolio were:

CODE	COMPANY	MARKET VALUE as % of Long Portfolio
CBA	Commonwealth Bank of Australia	11.4%
NAB	National Australia Bank Limited	10.2%
ASX	ASX Limited	9.7%
ANZ	Australia and New Zealand Banking Group Limited	7.9%
AMP	AMP Limited	5.9%
SGP	Stockland	5.6%
ALZ	Australand Property Group	5.4%
MVU	MatrixView Limited	5.1%
EBI	Everest Babcock & Brown Alternative Inv Trust	5.0%
ANZPB	Australia and New Zealand Banking Group Limited Prefs	4.1%
AMM	Amcom Telecommunications Limited	4.0%
TOL	Toll Holdings Limited	3.9%
WTF	Wotif.com Holdings Limited	3.1%
MOC	Mortgage Choice Limited	3.1%

PORTFOLIO STRUCTURE - ASSET ALLOCATION



LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION



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%	+2.4%	-7.3%	-5.2%
	Jul 08	Aug 08	Sep 08	Oct 08			Since Inception
Gross Portfolio *	-1.1%	+0.1%	-3.8%	-5.3%			-7.7%
All Ords Accum.	-5.2%	+4.0%	-10.6%	-13.9%			-35.7%

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

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