



WAM ACTIVE LIMITED (WAA) **INVESTMENT UPDATE & NTA – SEPTEMBER 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 nine months with the Fund outperforming the All Ordinaries Index by 22.7%.

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	96.31c
NTA after tax and before tax on unrealised	96.31c
NTA after tax	96.25c

MARKET OUTLOOK

Share markets around the world collapsed in panic during September, a trend that has accelerated into October. The trigger for the latest wave of selling has been the well documented collapse of the US banking system and the subsequent global contagion. Banks have effectively stopped lending to each other and to companies in general. The US economy has stalled and there are genuine fears that the world is on the verge of recession. The Australian Reserve Bank took its first meaningful step to support the local banking system and economy by cutting official interest rates by a larger than expected 1 per cent. This failed to stem the selling of shares.

Since the Australian market peaked on November 1, 2007 it has fallen 42 per cent (at the time of writing). The pain has spread from the banking system to the industrial market and more recently, the mining sector. The size of the fall is now in the same league as the two previous major post World War II bear markets in 1974 and 1987. The US, UK and Japanese markets have experienced similar falls. Investors are now in panic mode, unsure about whether the banking system, the petrol that drives economies, can recover back to normal. It is our belief that investors are in capitulation mode. We believe that a turnaround can take place even though it is very difficult to see what the catalyst for a recovery is at this stage. At this stage we are retaining a high cash level (over 76 per cent) until opportunities arise. This could take the form of companies requiring capital at steep discounts to their share price or for takeovers of distressed competitors. We believe the next 6 to 12 months will be a once in a decade opportunity to buy assets at a significant discounts to their true value.

PORTFOLIO STRUCTURE & STRATEGY

	As at 31 August 2008		As at 30 September 2008	
	\$m	%	\$m	%
Investment Type				
Listed Equities	6.22	40.7%	3.48	23.8%
Fixed Interest and Cash	9.05	59.3%	11.12	76.2%
Total Long Portfolio	15.27	100.0%	14.60	100.0%
Total Short Portfolio	(0.09)	100.0%	-	-
	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 September we focused on building our cash position due to the uncertainty in global markets. We sold some of our more liquid holdings such as Harvey Norman Holdings Limited (HVN), Metcash Limited (MTS) and Lend Lease Corporation Limited (LLC).

We took part in the following placements – Australand Property Group (ALZ), Alumina Limited (AWC), Leighton Holdings Limited (LEI), The Mac Services Group Limited (MSL) and Suncorp-Metway Limited (SUN), which we short sold to lock in a profit, before the shorting restrictions were implemented.

We traded out of Clough Limited (CLO) and took advantage of the Woolworths Limited (WOW) dividend. We bought positions in Centennial Coal Company Limited (CEY), Wotif.com Holdings Limited (WTF) and Mortgage Choice Limited (MOC).

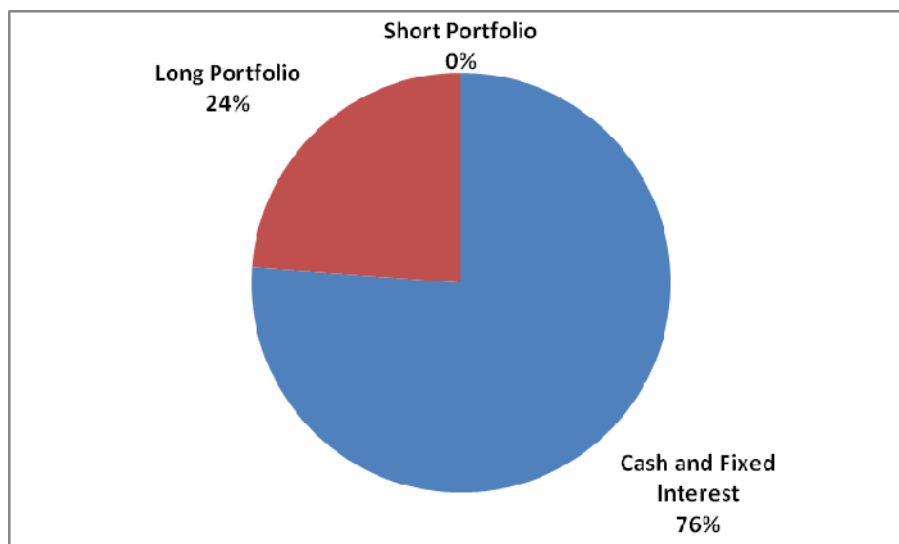
During the month we traded positions in Macquarie Airports (MAP) to take advantage of the buyback and Commonwealth Bank of Australia (CBA). We also sold our Leighton Holdings Limited (LEI) placement stock with a positive outcome.

PORTFOLIO STRUCTURE & STRATEGY (continued)

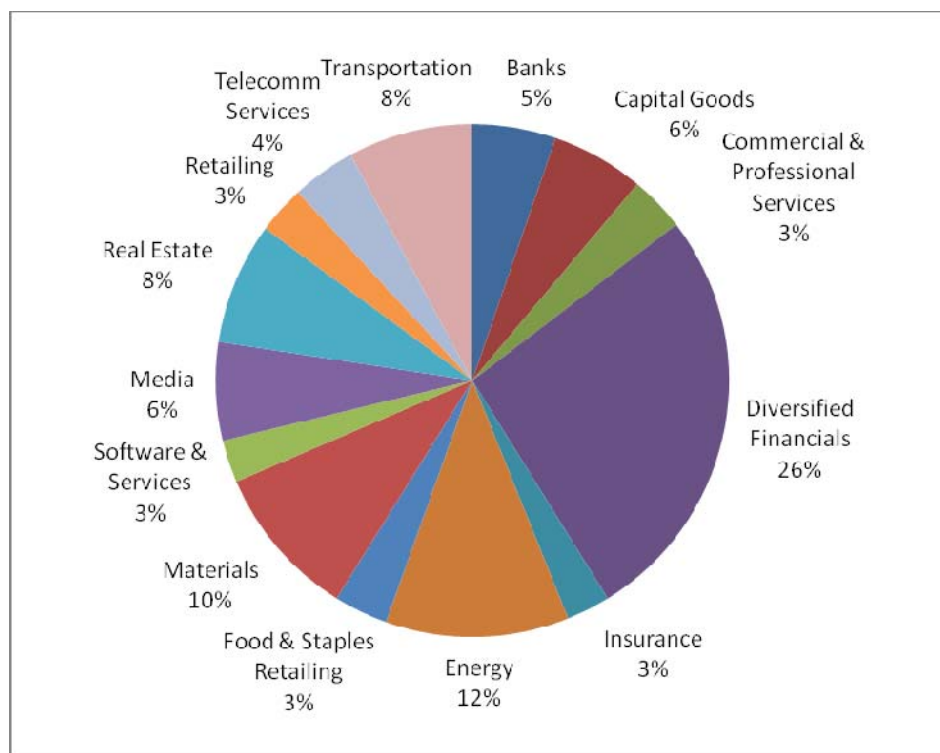
At 30 September 2008 the major securities held in the portfolio were:

CODE	COMPANY	MARKET VALUE as % of Long Portfolio
CEY	Centennial Coal Company Limited	8.8%
ALZ	Australand Property Group	7.7%
ASX	ASX Limited	7.4%
HGI	Henderson Group PLC	6.7%
AWC	Alumina Limited	6.6%
TOL	Toll Holdings Limited	5.0%
EBI	Everest Babcock & Brown Alternative Inv Trust	4.4%
AMM	Amcom Telecommunications Limited	4.0%
SEV	Seven Network Limited	3.8%
NOD	Nomad Building Solutions Limited	3.4%
ANZPB	Australia and New Zealand Banking Group Limited	3.3%
KBC	Keybridge Capital Limited	3.0%
WTF	Wotif.com Holdings Limited	3.0%
MAP	Macquarie Airports	2.9%
HAP	HFA Accelerator Plus Limited	2.8%
AMP	AMP Limited	2.8%
MVU	MatrixView Limited	2.7%

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				Since Inception
Gross Portfolio *	-1.1%	+0.1%	-3.8%				-2.6%
All Ords Accum.	-5.2%	+4.0%	-10.6%				-25.3%

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

For further information please contact Mr Geoff Wilson or Mr Matthew Kidman on (02) 9247 6755

Level 11, 139 Macquarie Street, Sydney NSW 2000 | GPO Box 4658 Sydney NSW 2001 | ABN 49 126 420 719
Phone 02 9247 6755 | Fax 02 9247 6855 | info@wami.com.au | www.wilsonassetmanagement.com.au