

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719



WAM ACTIVE LTD (WAA) - MAY 2008 **INVESTMENT UPDATE & NTA**

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 five months with the fund outperforming the All Ordinaries Index by 14.72%.

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	102.39c
NTA after tax and before tax on unrealised gains	101.77c
NTA after tax	101.18c

MARKET OUTLOOK

The Australian sharemarket rallied strongly in the first half of May 2008 taking the gains since 17 March 2008 to 17%. This rally ran out of steam in the last week in May with heavy profit taking. The catalyst for the sell off was the surging oil price, which hit \$US135 a barrel. While oil prices may have triggered the fall in the market, the reality was that the market had run too hard from the 17 March 2008 to the 19 May 2008. The most recent pull back in the market is providing opportunities to buy companies at reasonable prices. We see value emerging in the Industrial sector and are more sceptical of the booming Resources sector. While earnings growth is slowing among industrial companies, the 34% drop in the All Industrials Index since November 2007 provides a lot of pricing support.

PORTFOLIO STRUCTURE & STRATEGY

Investment Type	As at 30 April 2008		As at 31 May 2008	
	\$m	%	\$m	%
Listed Equities	6.83	42.8%	8.22	49.7%
Fixed Interest and Cash	9.12	57.2%	8.31	50.3%
Total Long Portfolio	15.95	100.0%	16.53	100.0%
Total Short Portfolio	(0.25)	100.0%	(0.51)	100.0%
	No.		No.	
Total no. of ord shares on issue	15,400,101		15,400,101	
Total no. of options on issue	15,400,101		15,400,101	

PORTFOLIO STRUCTURE & STRATEGY (continued)

During the month of May we further increased our exposure to the equity market as opportunities presented themselves. We took advantage of the following placements and sell downs, Admiralty Resources NL (ADY), Atlas Iron Ltd (AGO), Caledon Resources PLC (CCD), Ferras Ltd (FRS), iiNet Ltd (IIN), Mermaid Marine Australia Ltd (MRM), PIPE Network Ltd (PWK), Queensland Ores Ltd (QOL), Runge Ltd (RUL) and Westfarmers Ltd (WES). We also short sold Australian Worldwide Exploration Ltd (AWE) and Nexus Energy Ltd (NXS) and significantly increased our holdings in ARC Energy Ltd (ARQ), Arrow Energy Ltd (AOE), Clough Ltd (CLO), Computershare Ltd (CPU), News Corporation (NWS), Seek Ltd (SEK) and Westpac Banking Corporation (WBC).

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

COMPANY	MARKET VALUE as % of Long Portfolio
National Australia Bank Ltd (NAB)	7.9%
ARC Energy Ltd (ARQ)	5.5%
Westpac Banking Corporation (WBC)	5.1%
Computershare Ltd (CPU)	5.1%
Australia & New Zealand Banking Group Ltd (ANZ)	5.1%
Leighton Holdings Limited (LEI)	5.0%
Keybridge Capital Limited (KBC)	5.0%
Boral Limited (BLD)	4.7%
News Corporation (NWS)	4.0%
Commonwealth Bank of Australia (CBA)	4.0%
Just Group Ltd (JST)	3.7%
Macquarie Group Limited (MQG)	3.5%

PERFORMANCE TABLE

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Since Inception
Gross Portfolio *	+0.3%	+1.2%	+0.5%	+1.6%	+2.4%	+6.2%
All Ords Accum.	-11.2%	+0.3%	-4.1%	+4.6%	+2.4%	-8.5%

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

For further information please contact: Mr Geoff Wilson on (02) 9247 6755 / 0412 242 712 Mr Matthew Kidman on (02) 9258 4938 / 0417 069 578 Website: www.wilsonassetmanagement.com.au	LEVEL ELEVEN 139 MACQUARIE ST SYDNEY NSW 2000 TEL (02) 9247 6755 FAX (02) 9247 6855
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