



**WAM ACTIVE LIMITED (WAA)**  
**ABN 49 126 420 719**  
**INVESTMENT UPDATE & NTA – APRIL 2011**

WAM Active (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 59.2% compared to a decline of 12.0% in the S&P/ASX All Ordinaries Accumulation Index. The investment objectives are to deliver investors a growing income stream in the form of fully franked dividends and to preserve capital in both the short term and long term.

In April WAA's gross portfolio (before all fees, costs and taxes) increased by 2.5%, whilst the S&P/ASX All Ordinaries Accumulation Index decreased by 0.6%.

<b>Annualised Performance as at 30 April 2011</b>	<b>6 Months</b>	<b>1 Year</b>	<b>2 Years</b>	<b>Since Inception (Jan-08)</b>
WAM Active Limited *	+9.4%	+10.2%	+25.9%	+15.0%
S&P/ASX All Ordinaries Accumulation Index	+5.5%	+5.4%	+18.9%	-3.8%
<b>Outperformance</b>	<b>+3.9%</b>	<b>+4.8%</b>	<b>+7.0%</b>	<b>+18.8%</b>

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

The following NTA figures are after the payment of an interim dividend of 4.0 cents per share fully franked paid on 31 March 2011.

<b>NTA before tax</b>	<b>116.73c</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>117.88c*</b>
<b>NTA after tax</b>	<b>114.17c**</b>

\*Includes tax assets of 1.15 cents per share.

\*\*Includes the net effect of 1.15 cents of tax assets and 3.71 cents of deferred tax liabilities.

### **Market Outlook**

Should we have sold all our shares in May and gone away for the winter? This philosophy has been trumpeted by American investors for decades. It refers to the fact that in the northern hemisphere market activity dries up and share prices drift as stock brokers and investors take off for a well earned summer break.

## **Market Outlook (continued)**

Unsurprisingly, the performance of the US share market has lent credibility to the saying, with the key benchmark indexes delivering virtually no gain for investors over many years. In contrast, the months from October to April have proven extremely fruitful with market participants focused on making money rather than sunning themselves.

How does the local share market look heading into the northern summer? After a sharp rebound into early April from the shock of the Japanese earthquake the overall market faded with the benchmark S&P ASX All Ordinaries Accumulation index closing the month down 0.6 per cent. The downward trend has continued into May with the S&P ASX All Ordinaries index close to 3 per cent down for the month at the time of writing this report.

The biggest contributor to the downdraft has been the selloff in the resources sector, especially the smaller miners. Commodity prices from oil and gas to minerals and food, soared in the first quarter of the year. However, investor enthusiasm for commodities has waned as the Chinese economy slowed on the back of tightening monetary policy by the central government.

We remain cautious about the Australian share market and in particular the resources sector. China, with a sharp eye on inflation, is determined to cap economic growth in the short to medium term. This should see commodity prices and mining stock underperform until the end of the northern summer in September. In contrast the industrial and financial sectors of the Australian market look to represent relatively good value, however, with the spectre of higher official interest rates it may be too early to delve into this section of the market.

## **Dividends**

On 31 March 2011 the company paid an interim dividend of 4.0 cents per share fully franked. This is a 33% increase on the interim dividend from the previous year.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits, and it is within prudent business practices. Dividends are paid on a six-monthly basis.

Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will not be reliant on reported profit and retained earnings as it was previously. Rather it will be with consideration to cash flow, cash holdings and available franking credits.

## Portfolio Structure

Investment Type	As at 31 Mar 2011		As at 30 Apr 2011	
	\$m	%	\$m	%
Listed Equities	10.7	55.5%	12.6	61.8%
Fixed Interest and Cash	8.5	45.5%	7.8	38.2%
<b>Total Long Portfolio</b>	<b>19.2</b>	<b>100.0%</b>	<b>20.4</b>	<b>100.0%</b>
<b>Total Short Portfolio</b>	<b>(0.3)</b>		<b>(1.0)</b>	
<b>Total Fund Size</b>	<b>\$18.92m</b>		<b>\$19.36m</b>	
	<b>No.</b>		<b>No.</b>	
<b>Total ordinary shares on issue</b>	16,036,255		16,066,499	
<b>Total options on issue</b>	15,277,825		0	

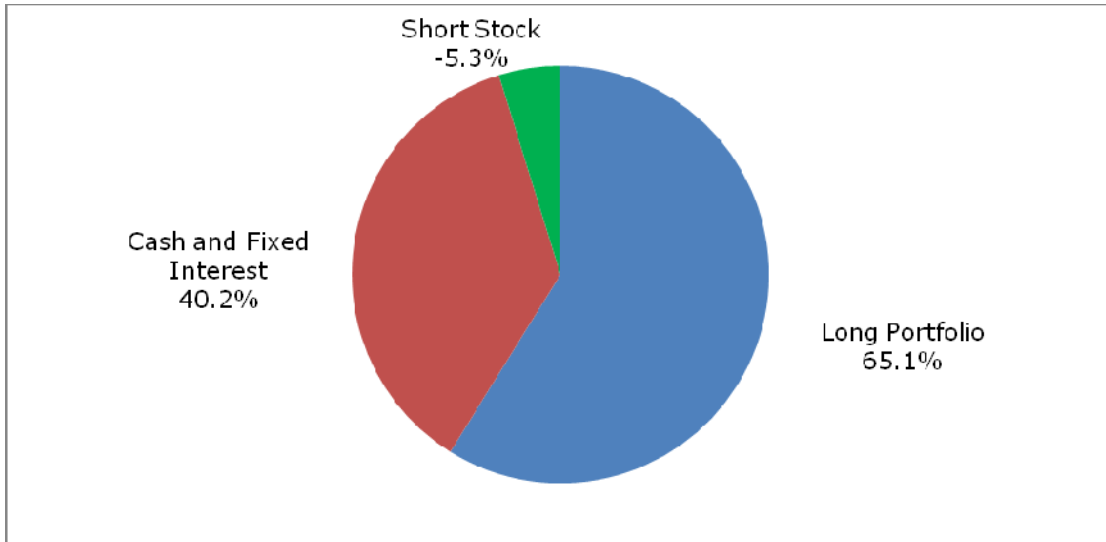
During the month of March we increased our equity holdings to an average of 58.7%, up from 54.8% in the prior month.

### Portfolio Structure (continued)

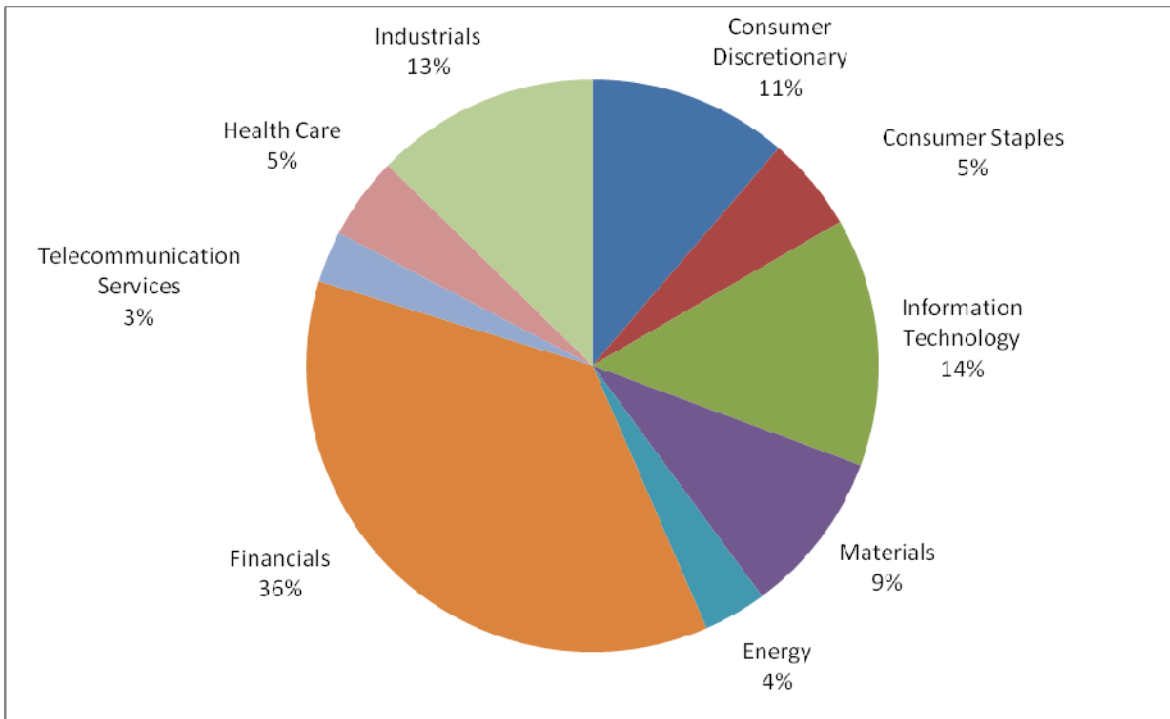
At 30 April 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
RHG	RHG Limited	2,096,286	10.8%
SGI	Signature Capital Investments Limited	976,672	5.0%
RPX	Rp Data Limited	768,357	4.0%
MSF	Maryborough Sugar Factory Limited (The)	675,633	3.5%
CCP	Credit Corp Group Limited	561,876	2.9%
AUN	Austar United Communications Limited	518,940	2.7%
CWN	Crown Limited	360,383	1.9%
TLS	Telstra Corporation Limited	357,930	1.8%
BLY	Boart Longyear Limited	351,433	1.8%
WTF	Wotif.com Holdings Limited	348,880	1.8%
VRL	Village Roadshow Limited	329,088	1.7%
SPL	Starpharma Holdings Limited	283,500	1.5%
CCQ	Contango Capital Partners Limited	283,282	1.5%
SYM	Symex Holdings Limited	275,725	1.4%
RVA	Reva Medical Inc	221,590	1.1%
CRZ	Carsales.Com Limited	213,870	1.1%
BTU	Bathurst Resources Limited	193,050	1.0%
INQ	Investorfirst Limited	191,128	1.0%
IRN	Indophil Resources NL	189,000	1.0%
EXS	Exco Resources Limited	171,450	0.9%

### Portfolio Structure – Asset Allocation



### Long Portfolio Structure - Sector Allocation



## Performance

Set out below is the performance of WAA since listing to April 2011 on a financial year basis. The performance data excludes all expenses, fees and taxes and is used as a guide to how the company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

Financial Year	Gross Portfolio*	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	<b>+17.4%</b>
2008/2009	+9.6%	-22.2%	<b>+31.8%</b>
2009/2010	+22.7%	+13.8%	<b>+8.9%</b>
YTD 2010/2011	+15.9%	+17.2%	<b>-1.3%</b>

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

## Monthly 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	Jun 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	Mar 10	Apr 10
Gross Portfolio*	+2.1%	+0.3%	+1.0%	-3.6%	+0.0%	+2.9%	+0.4%
All Ords Accum.	-1.9%	+1.9%	+3.7%	-5.8%	+1.8%	+5.8%	-1.2%
	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Gross Portfolio*	-4.0%	-0.9%	+1.6%	+0.1%	+2.7%	+1.3%	+2.3%
All Ords Accum.	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%	-0.7%
	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11		Since Inception
Gross Portfolio*	+3.6%	+0.7%	-0.3%	+0.4%	+2.5%		+59.2%
All Ords Accum.	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%		-12.0%

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