



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NTA – FEBRUARY 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 54.9% compared to a decline of 12.1% 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 February WAA's gross portfolio (before all fees, costs and taxes) decreased by 0.3%, whilst the S&P/ASX All Ordinaries Accumulation Index increased by 2.2%.

Annualised Performance as at 28 February 2011	6 Months	1 Year	2 Years	Since Inception (Jan-08)
WAM Active Limited *	+10.8%	+10.8%	+31.7%	+14.8%
S&P/ASX All Ordinaries Accumulation Index	+13.1%	+10.2%	+27.3%	-4.0%
Outperformance	-2.3%	+0.6%	+4.4%	+18.8%

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

NTA before tax	118.71c
NTA after tax and before tax on unrealised gains	120.09c*
NTA after tax	116.63c**

*Includes tax assets of 1.38 cents per share.

**This includes the net effect of 1.38 cents of tax assets and 3.46 cents of deferred tax liabilities.

Market Outlook

The Australian share market managed to post its third consecutively monthly gain during February, pushing the S&P/ASX All Ordinaries Index back over the 5,000 mark for the first time in 10 months. In a familiar trend the impetus for the latest monthly rise came from a surging US share market, which jumped 3.2 per cent for the month. The best performing sector in the Australian market during February was the resources sector which continues to strongly outperform the overall market as demand out of China for commodities rise.

Market Outlook (continued)

Towards the end of February and in early March shares around the globe have been sold off. This is not unexpected given the spectacular run most markets have enjoyed since July 2010. The trigger for the sell-off has been the spike in oil prices on the back of political unrest in the Middle East and North Africa. The violence has raised concerns about the supply of oil in the coming months causing oil prices to rise. In previous cycles sharp jumps in the price of oil has eventually led to a slow down in Western economies causing share markets to sell off. The most recent lift in oil prices may only be short lived but it shows that global economic growth is still fragile and investors should be cautious about equities. Given the environment, we retain a conservative position looking for opportunities if equities are sold down.

Dividends

On 13 January 2011 the company announced a fully franked interim dividend of 4.0 cents per share. This is a 33% increase on the interim dividend last year. It is to be paid as follows.

Ex Date:	17 March 2011
Record Date:	23 March 2011
Payment Date:	31 March 2011

The dividend re-investment plan will be operating at no discount. The current share price (\$1.12 being closing price 9 March 2011) is a 5.7% discount to the 28 February 2011 pre-tax NTA. To participate in the dividend re-investment plan, please send your election to our share registrar no later than the 23 March 2011.

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.

Option Issue

If you wish to exercise your WAM Active options at the exercise price of \$1.15 in order to receive ordinary shares which will be eligible to receive the 4.0 cents a share fully franked interim dividend you need to do so by close of business 11 March 2011. The options will expire on the 30 April 2011.

One of the reasons behind the option issue is the Board's determination to grow the market capitalisation of WAM Active to \$100m over the next 4 years and to continue to generate strong results.

Portfolio Structure

Investment Type	As at 31 Jan 2011		As at 28 Feb 2011	
	\$m	%	\$m	%
Listed Equities	11.6	57.6%	10.5	54.1%
Fixed Interest and Cash	8.6	42.4%	8.9	45.9%
Total Long Portfolio	20.3	100.0%	19.4	100.0%
Total Short Portfolio	(1.0)		(0.3)	
Total Fund Size	\$19.23m		\$19.14m	
	No.		No.	
Total ordinary shares on issue	15,682,838		15,692,838	
Total options on issue	15,482,170		15,457,048	

During the month of February we decreased our equity holdings to an average of 55.9%, down from 61.5% in the prior month.

We established positions Chandler Macleod Group Limited (CMG), Hansen Technologies Limited (HSN), Molopo Energy Limited (MPO), Photon Group Limited (PGA), STW Communications Group Limited (SGN), TPG Telecom Limited (TPM) and Telstra Corporation Limited (TLS).

We took advantage of the following capital raisings; Alkane Resources Limited (ALK), Catalpa Resources Limited (CAH), Engenco Limited (EGN), Gujarat NRE Coking Coal Limited (GNM), Integra Mining Limited (IGR), Nucoal Resources (NCR), Texon Petroleum Limited (TXN) and West Australian Newspaper Holdings Limited (WAN).

We reduced our holdings in Australian Renewable Fuels Limited (ARW), Finbar Group Limited (FRI), Geo Property Group (GPM), Havilah Resources (HAV), IMF Australia Limited Convertible Note (IMFG), Investorfirst Limited (INQ), M2 Telecommunications Group Limited (MTU) and Primary Health Care Limited (PRY).

We exited positions in Alcyone Resources Limited (AYN), Azimuth Resources Limited (AZH), Brambles Limited (BXB), Centius Gold Limited (CNS), Customers Limited (CUS), Flight Centre Limited (FLT), G.U.D. Holdings Limited (GUD), Gunson Resources Limited (GUN), Impress Energy Limited (ITC), Nanosonics Limited (NAN), News Corporation (NWS), Oil Search Limited (OSH), Redhill Education Limited (RDH), Resmed Inc (RMD), Sihayo Gold Limited (SIH), Sigma Pharmaceuticals Limited (SIP), SMS Management & Technology Limited (SMX) and Wide Bay Australia Limited (WBB).

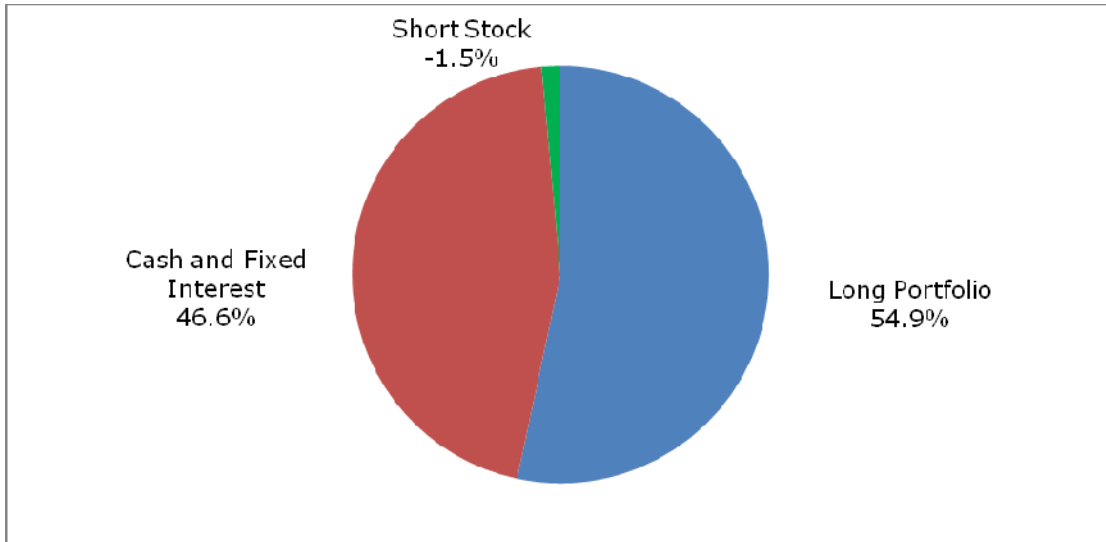
We traded positions in Australia and New Zealand Banking Group Limited (ANZ), ASG Group Limited (ASZ), Challenger Limited (CGF) and Ross Human Directions Limited (RDH).

Portfolio Structure (continued)

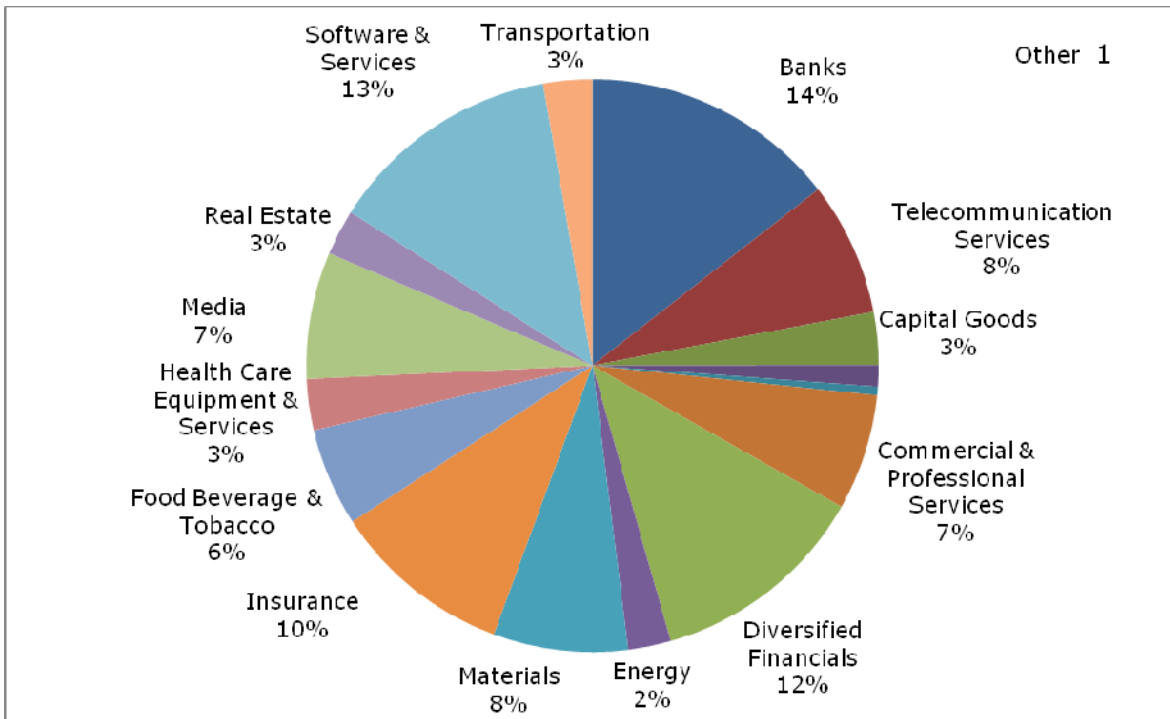
At 28 February 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
RHG	RHG Limited	1,427,421	7.5%
TAL	Tower Australia Group Limited	1,075,401	5.6%
RPX	Rp Data Limited	663,514	3.5%
MSF	Maryborough Sugar Factory Limited (The)	582,021	3.0%
CCP	Credit Corp Group Limited	494,423	2.6%
CRZ	Carsales.Com Limited	452,715	2.4%
SYM	Symex Holdings Limited	364,208	1.9%
TLS	Telstra Corporation Limited	342,555	1.8%
VRL	Village Roadshow Limited	320,299	1.7%
MTU	M2 Telecommunications Group Limited	273,955	1.4%
INQ	Investorfirst Limited	265,166	1.4%
FXL	FlexiGroup Limited	263,271	1.4%
SGI	Signature Capital Investments Limited	260,240	1.4%
IMD	Imdex Limited	259,379	1.4%
CCQ	Contango Capital Partners Limited	253,966	1.3%
RVA	Reva Medical Inc	232,670	1.2%
KSC	K & S Corporation Limited	232,247	1.2%
SGN	STW Communications Group Limited	192,000	1.0%
CMG	Chandler Macleod Group Limited	178,853	0.9%
WFM	Webfirm Group Limited	176,538	0.9%

Portfolio Structure – Asset Allocation



Long Portfolio Structure - Sector Allocation



Performance

Set out below is the performance of WAA since listing to February 2011 on a financial year basis from 1 July to 30 June. 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 before tax and expenses.

Financial Year	Gross Portfolio*	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	+17.4%
2008/2009	+9.6%	-22.2%	+31.8%
2009/2010	+22.7%	+13.8%	+8.9%
YTD 2010/2011	+12.7%	+17.1%	-4.4%

*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				Since Inception
Gross Portfolio*	+3.6%	+0.7%	-0.3%				+54.9%
All Ords Accum.	+3.8%	+0.1%	+2.2%				-12.1%

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