



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NTA – JULY 2010

WAM Active Limited (WAA) listed on the Australian Stock Exchange in January 2008.

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 39.6% compared to a decline of 21.7% in the S&P/ASX All Ordinaries Accumulation Index. The investment objectives of WAA are to derive an absolute return, to deliver investors a growing income stream in the form of fully franked dividends and to preserve capital.

Set out below is the performance of WAA:

	Since inception	12 month	6 month	3 month
WAM Active Limited	+39.6%	+13.7%	-0.1%	-3.4%
S&P/ASX All Ords Accum	-21.7%	+10.2%	-0.1%	-6.2%
Outperformance	+61.3%	+3.5%	+0.0%	+2.8%

In July WAA's gross portfolio (before all fees, costs and taxes) increased by 1.5%, whilst the S&P/ASX All Ordinaries Accumulation Index rose by 4.2%.

NTA before tax	113.91c*
NTA after tax and before tax on unrealised gains	114.14c**
NTA after tax	112.99c**

*After the payment of 3.38 cents in tax during the month.

**Includes tax assets of 0.24 cents per share.

MARKET OUTLOOK

The new financial year was ushered in with a stirring rally during July, with the benchmark S&P/ASX All Ordinaries Accumulation index jumping 4.2 per cent for the month. The lift in share prices was inspired by a better than expected profit reporting season in the United States and ongoing strong growth in China. The Chinese growth story continues to be a powerful driver of the resources market, which managed to outperform the broader market during July.

The robust profit reports from the United States was a pleasant surprise for investors who are fretting about the world's biggest economy dipping back into a second recession in three years. Currently the US growth has slowed with employment

growth virtually stalling. This easing in growth is concerning for investors because they believe it will, in the medium term, make it increasingly difficult for companies to post decent profit growth in the months ahead.

Australian investors are now concentrating on the domestic profit reporting season that will unfold through the month of August. In recent months expectations of strong profit growth has been wound back due to a slowing domestic economy. We do not see the reporting season as a catalyst for the market and believe share prices will continue to struggle to move higher in the coming months.

DIVIDENDS

On 21 July 2010 the board announced a 50% increased final dividend of 3.0 cents per share fully franked to be paid 24 September 2010. The shares will trade ex dividend on 13 September 2010. This brings the full year dividend to 6.0 cents per share fully franked.

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

The dividend re-investment plan will operate at the weighted average market price of shares sold on the record date and the three trading days prior to the record date. To participate in the dividend re-investment plan, please send your election to our share registrar no later than 17 September 2010. The current share price (\$1.04 being closing price 12 August 2010) is at a 8.7% discount to the 31 July 2010 pre-tax NTA.

OPTION ISSUE

On 8 February 2010 the board announced a 1 for 1 option issue for its shareholders. The options, which trade on the Australian Securities Exchange, have an exercise price of \$1.15 per option and can be exercised any time up until the expiry date of 30 April 2011.

The reason behind the option issue is the board's vision to grow the market capitalisation of WAM Active to \$100m over the next 5 years and to continue to generate strong results.

PORTFOLIO STRUCTURE

	As at 30 June 2010		As at 31 July 2010	
Investment Type	\$m	%	\$m	%
Listed Equities	4.39	22.4%	4.76	27.4%
Fixed Interest and Cash	15.18	77.6%	14.50	72.6%
Total Long Portfolio	19.57	100.0%	19.26	100.0%
Total Short Portfolio	(0.67)		(0.63)	
	No.		No.	
Total no. of ord shares on issue	15,604,808		15,606,857	
Total no. of options on issue	15,486,719		15,484,670	

During the month of July we maintained our cash level at an average of 75.1%.

We established positions in Linq Resources Fund (LRF), New Hope Corporation Limited (NHC), Ross Human Directions Limited (RHD), STW Communications Group Limited (SGN), TPG Telecom Limited (TPM) and Wentworth Holdings Limited (WWM) and increased our holdings in Everest Financial Group Limited (EFG), Healthscope Limited (HSP), RHG Limited (RHG) and Van Eyk Three Pillars Limited (VTP).

We took advantage of the following capital raisings Horizon Oil Limited (HZN), Riversdale Mining Limited (RIV) and Reed Resources Limited (RDR).

We reduced our holdings in AV Jennings Limited (AVJ), Devine Limited (DVN), Dyesol (DYE), Finbar Group Limited (FRI), Investorfirst Limited (INQ), Lycopodium (LYL), Sylvania Resources Limited (SLV) and Texon Petroleum Limited (TXN).

We exited positions in ADX Energy Limited – Options (ADXO), Ammtec Limited (AEC), Aurora Oil & Gas Limited (AUT), Citadel Resources Group Limited (CGG), Norfolk Group Limited (NFK) and Qube Logistics (QUB).

At 31 July 2010 the major securities held in the portfolio were:

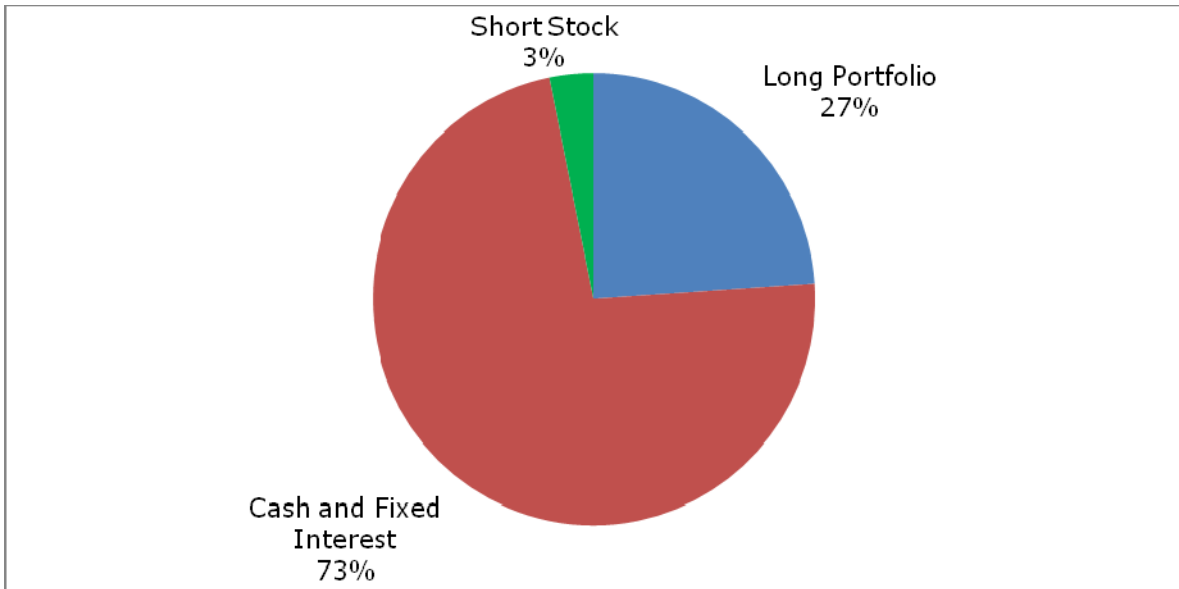
Code	Company	Market Value \$	Market Value as % of Gross Assets
HSP	Healthscope Limited	1,020,000	5.5%
RHG	RHG Limited	783,958	4.2%
VTP	Van Eyk Three Pillars Limited	529,623	2.8%
PXUPA	PaperlinX SPS Trust	311,610	1.7%
WIC	Westoz Investment Company Limited	203,110	1.1%
EFG	Everest Financial Group Limited	162,889	0.9%
MND	Monadelphous Group Limited	161,245	0.9%
DYE	Dyesol Limited	160,458	0.9%
SRX	Sirtex Medical Limited	113,859	0.6%
CCQ	Contango Capital Partners Limited	112,086	0.6%
NHC	New Hope Corporation Limited	106,757	0.6%
IIN	iiNet Limited	94,520	0.5%

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	June 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				Since Inception
Gross Portfolio **	-4.0%	-0.9%	+1.5%				+39.6%
All Ords Accum.	-7.6%	-2.6%	+4.2%				-21.7%

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

PORTFOLIO STRUCTURE - ASSET ALLOCATION



LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION

