



**WAM ACTIVE LTD (WAA)**  
**INVESTMENT UPDATE & NTA – JULY 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 seven months with the Fund outperforming the All Ordinaries Index by 20.8%.

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	99.01c
NTA after tax and before tax on unrealised gains	99.01c
NTA after tax	98.63c

**MARKET OUTLOOK**

The Australian sharemarket experienced another torrid month in July, with the All Ordinaries Accumulation Index falling a hefty 5.2%. The banking sector was again hit hard with ANZ and NAB both having significant write downs to asset value as a result of the property collapse in the US. The market was also negatively impacted by a decline in resource stocks. The big mining stocks have been resilient since the overall market started to decline in November 2007. Since June 2008, the mining sector has also been sold off with investors concerned about slowing world growth, particularly in China.

On a brighter note the recent decline in oil prices and talk of a cut in official interest rates by the RBA may be the first signs that industrial and financial stocks have bottomed. Since November 2007 both sectors have declined by more than 40%. For these sectors to continue to enjoy shareholder support the oil price and interest rates need to fall further.

**PORTFOLIO STRUCTURE & STRATEGY**

Investment Type	As at 30 June 2008		As at 31 July 2008	
	\$m	%	\$m	%
Listed Equities	3.44	21.9%	5.57	36.0%
Fixed Interest and Cash	12.28	78.1%	9.91	64.0%
<b>Total Long Portfolio</b>	<b>15.72</b>	<b>100.0%</b>	<b>15.48</b>	<b>100.0%</b>
<b>Total Short Portfolio</b>	<b>(0.36)</b>	<b>100.0%</b>	<b>(0.30)</b>	<b>100.0%</b>
	No.		No.	
<b>Total no. of ord shares on issue</b>	15,400,101		15,400,101	
<b>Total no. of options on issue</b>	15,400,100		15,400,100	

## **PORTFOLIO STRUCTURE & STRATEGY (continued)**

During the month of July we increased our exposure to the equity market. We took advantage of the following placements and rights issues, Brockman Resources Ltd (BRM), Photon Group Ltd (PGA), WDS Ltd (WDS) and AJ Lucas Group Ltd (AJL).

We short sold and closed out Bradken Ltd (BKN) and Orica Ltd (ORI) and currently have a short position in AWE and Oakton Ltd (OKN).

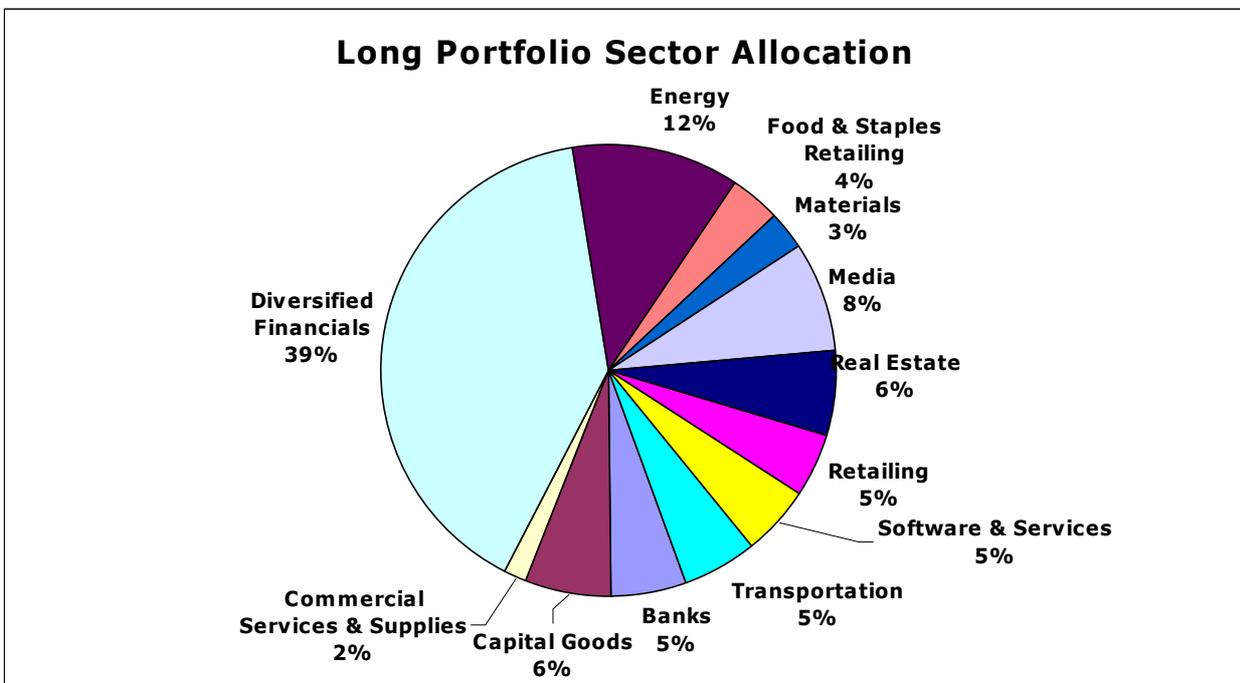
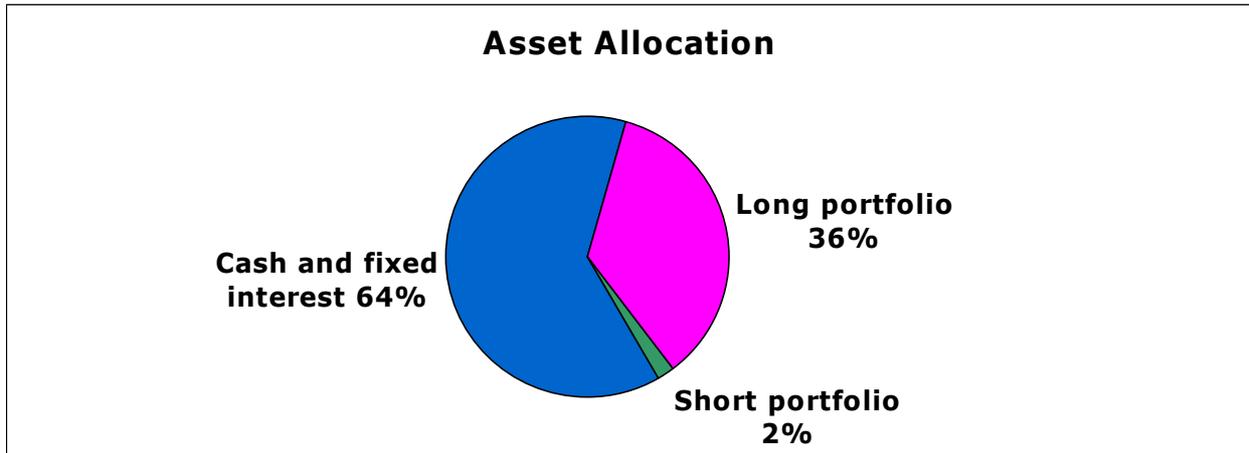
We increased our exposure to some larger cap stocks being Lend Lease Corporation Ltd (LLC), Metcash Ltd (MTS), Oil Search Ltd (OSH), Toll Holdings Ltd (TOL) and Seven Network Ltd (SEV). We also increased our exposure to the financial sector being, Commonwealth Bank of Australia (CBA), ASX Ltd (ASX), Challenger Financial Services Group Ltd (CGF), Henderson Group PLC (HGI), Macquarie Group Ltd (MQG), Macquarie Capital Alliance Group (MCQ) and Computershare Ltd (CPU).

During the month we traded positions in Fortescue Metals Group Ltd (FMG), ANZ Banking Group Ltd (ANZ), National Australia Bank Ltd (NAB), Qantas Airways Ltd (QAN), Tabcorp Holdings Ltd (TAH) and sold down our positions in Primary Health Care Ltd (PRY) and Seek Ltd (SEK).

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

<b>CODE</b>	<b>COMPANY</b>	<b>MARKET VALUE as % of Long Portfolio</b>
MQG	Macquarie Group Limited	10.3%
ARQ	ARC Energy Ltd	7.0%
ASX	ASX Ltd	7.0%
KBC	Keybridge Capital Limited	6.5%
LLC	Lend Lease Corporation Limited	6.1%
SEV	Seven Network Limited	5.6%
TOL	Toll Holdings Ltd	5.4%
CBA	Commonwealth Bank of Australia	5.2%
OSH	Oil Search Limited	5.2%
CGF	Challenger Financial Services Group Ltd	5.0%
CLO	Clough Limited	4.9%
JST	Just Group Ltd	4.6%
MCQ	Macquarie Capital Alliance Group	3.9%
MTS	Metcash Limited	3.7%
HAP	HFA Accelerator Plus Ltd	2.3%
PGA	Photon Group Limited	2.3%
CPU	Computershare Ltd	2.2%

**PORTFOLIO STRUCTURE & STRATEGY (continued)**



**PERFORMANCE TABLE**

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Since Inception
Gross Portfolio *	+0.3%	+1.2%	+0.5%	+1.6%	+2.4%	-3.7%	-1.1%	+1.2%
All Ords Accum.	-11.2%	+0.3%	-4.1%	+4.6%	+2.4%	-7.3%	-5.2%	-19.7%

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

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