

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719



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

WAM Active Limited (WAA) listed on the Australian Stock Exchange on the 11th 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 three months with the fund outperforming the All Ordinaries Index by 16.67%.

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	99.50c
NTA after tax and before tax on unrealised gains	99.29c
NTA after tax	99.17c

MARKET OUTLOOK

March proved to be a difficult month for equities with the All Ordinaries Accumulation Index falling 4.1% after being down 7% earlier in the month. From the market top on 1 November 2007 to the lowest point on 17 March 2008, the All Ordinaries Index fell approximately 26%. The burning question now being asked by the investment community is whether the March low was the low for this bear market? Unfortunately, a turning point in a market can only be confirmed in hindsight. However, there are several strong arguments in favour of the market being at or near a bottom. The most obvious one was the decision by the US Central Bank to orchestrate, by guaranteeing \$30 billion of liabilities, the sale of the investment bank Bear Stearns to JP Morgan. This action signalled to the US market that the Federal Reserve would do everything in its power to prevent a collapse of the country's financial system. This gave great comfort to equity investors.

On the local front, the All Industrials market has fallen more than 30% while the much maligned Financial Index has fallen 38%. Effectively, the market has seen price to earnings multiples contract among industrial and financial stocks at a rapid rate and present the best value since early 2003.

Do these factors mean the sharemarket is ready for a sustained rally? While we believe a market bottom is being formed and the worst is behind us, the chances of a strong and sustained rally are still doubtful. The US is already in a recession, the world economy is slowing and the Australian economy is about to feel the impact of several interest rate rises. As a consequence company earnings will be under pressure. In these circumstances we believe the market will trade in a range before moving higher in the second half of the calendaryear.

PORTFOLIO STRUCTURE & STRATEGY

Investment Type	As at 29 February 2008		As at 31 March 2008	
	\$m	%	\$m	%
Listed Equities	2.33	14.9%	2.06	13.2%
Fixed Interest and Cash	13.26	85.1%	13.51	86.8%
Total Long Portfolio	15.59	100.0%	15.57	100.0%
Total Short Portfolio	0.09	100.0%	-	-
	No.		No.	
Total no. of ord shares on issue	15,400,100		15,400,100	
Total no. of options on issue	15,400,100		15,400,100	

During the month we purchased ARC Energy Ltd (ARQ), ASX Ltd (ASX), ANZ Banking Group Ltd (ANZ), Dolomatrix International Ltd (DMX), Everest Babcock & Brown Alternative Inv Trust (EBI), Emerging Leaders Investment Ltd (ELI), Hastie Group Ltd (HST), Macquarie Leisure Trust Group (MLE), National Australia Bank Ltd (NAB) and Service Stream Ltd (SSM) and partially sold Audax Resources Ltd (ADX), Ammtec Ltd (AEC), Dioro Exploration (DIO), Macmahon Holdings (MAH) and OM Holdings Ltd (OMH). We also purchased and sold Primary Health Care Ltd (PRY), Nomad Building Solutions Ltd (NOD) and Sunshine Gas Ltd (SHG).

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

COMPANY	MARKET VALUE as % of Long Portfolio
Everest Babcock & Brown Alternative Inv Trust (EBI)	13.3%
National Australia Bank Ltd (NAB)	13.3%
ANZ Banking Group Ltd (ANZ)	11.1%
Dyno Nobel Ltd (DXL)	10.8%
ASX Ltd (ASX)	8.3%
Reverse Corp (REF)	7.1%
Service Stream Ltd (SSM)	6.5%
Dyno Nobel SPS Trust (DYNPA)	6.3%
ARC Energy Ltd (ARQ)	4.0%
RIO Tinto Ltd (RIO)	3.9%
Primary Health Care Ltd (PRY)	3.2%
Macmahon Holdings Ltd (MAH)	3.1%

PERFORMANCE TABLE

	Jan 08	Feb 08	Mar 08	Since Inception
Gross Portfolio *	+0.3%	+1.2%	+0.5%	+2.0%
All Ordinaries Accum.	-11.2%	+0.3%	-4.1%	-14.7%

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

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