



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

WAM Active Limited (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 56.7% compared to a decline of 13.7% 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.

Performance as at 31 May 2011	1 Mth %	6 Mths %	Fin Ytd %	1 Yr %	2 Yrs %pa	Since Inception %pa (Jan-08)
WAM Active Limited *	-1.6%	+5.3%	+14.1%	+13.1%	+21.9%	+14.1%
S&P/ASX All Ordinaries Accumulation Index	-1.9%	+4.2%	+14.9%	+11.9%	+16.6%	-4.2%
Outperformance	+0.3%	+1.1%	-0.8%	+1.2%	+5.3%	+18.3%

*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.

NTA before tax	115.08c
NTA after tax and before tax on unrealised gains	113.08c
NTA after tax	112.00c

Market Outlook

The Australian equity market continued its downward trend in May with the S&P/ASX All Ordinaries Accumulation Index finishing down 1.9%. Commodity prices remained weaker as concerns emerged over Chinese growth from the monetary policy tightening in that market of the last 6-12 months. The Small Resources Index here in Australia is now down 18% from its recent peak in February 2011 at the time of writing.

Market Outlook (continued)

Questions are also now being asked whether the US economic recovery remains on track given the raft of soft economic data we have seen in recent times. The conclusion of the Federal Reserve's quantitative easing program in coming weeks will provide a good test for equity markets.

In Australia, the RBA continues to see upside to interest rates to combat medium term inflation risks driven by our two speed economy. Further interest rate hikes in Australia will dampen growth expectations for the small industrials over the next 12 months. We note current market forecasts of >15% EPS growth in this sector looks too high. We remain cautious on the Australian equity market and continue to research for individual stock opportunities as they arise.

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

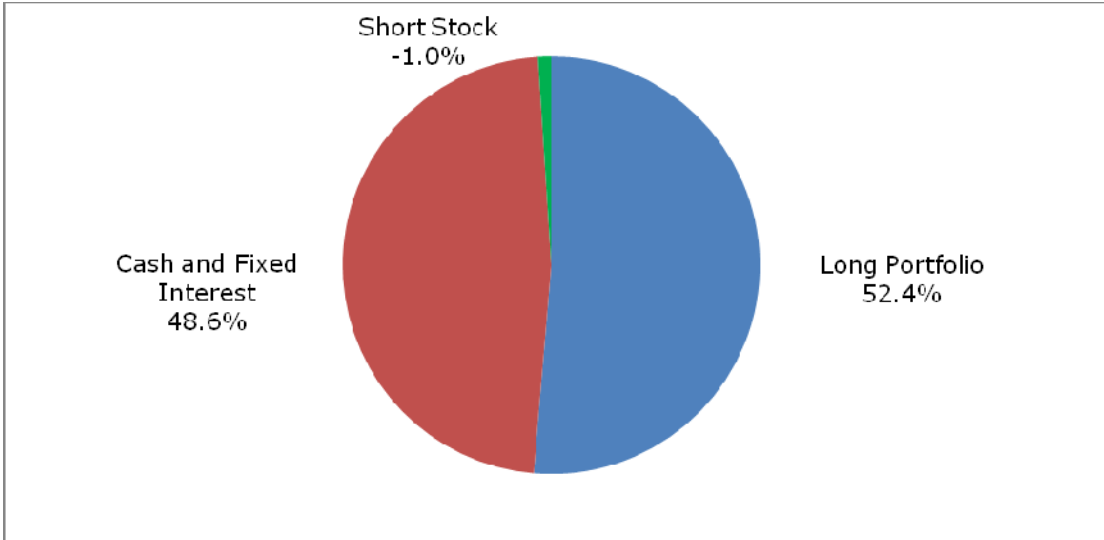
Investment Type	As at 30 Apr 2011		As at 31 May 2011	
	\$m	%	\$m	%
Listed Equities	12.6	61.8%	10.0	51.9%
Fixed Interest and Cash	7.8	38.2%	9.3	48.1%
Total Long Portfolio	20.4	100.0%	19.3	100.0%
Total Short Portfolio	(1.0)		(0.2)	
Total Fund Size	\$19.4m		\$19.1m	
	No.		No.	
Total ordinary shares on issue	16,066,499		16,066,653	

Portfolio Structure (continued)

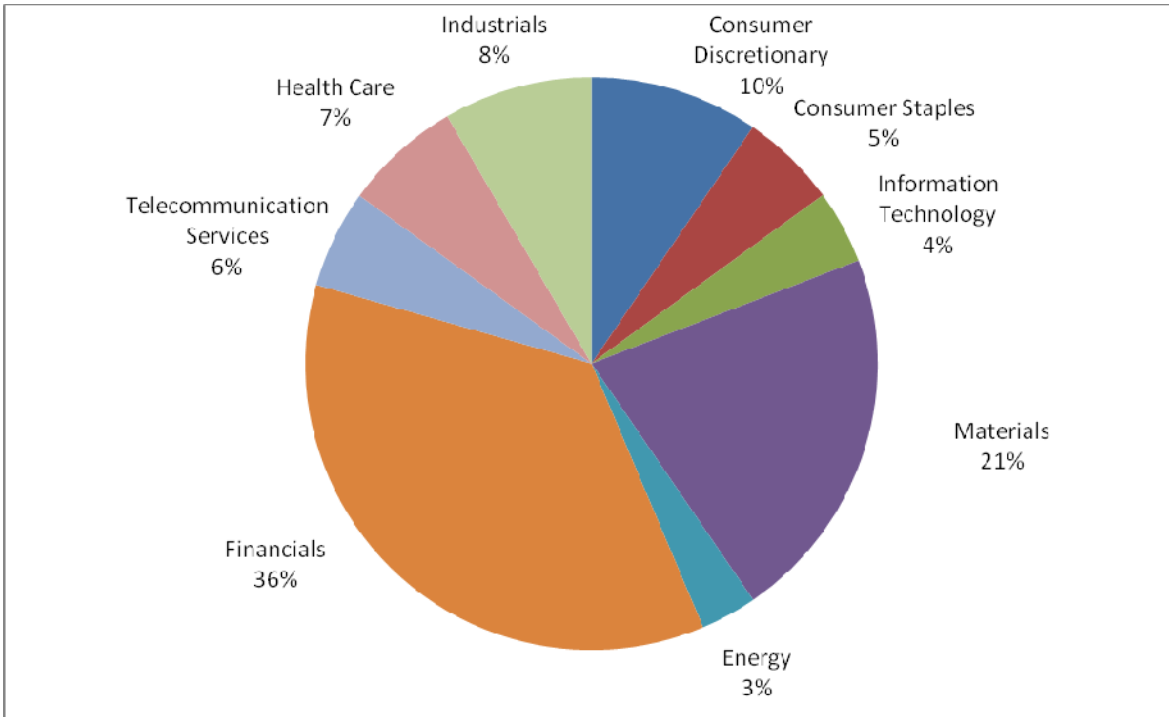
At 31 May 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
SGI	Signature Capital Investments Limited	1,018,507	5.3%
AUN	Austar United Communications Limited	761,790	4.0%
TLS	Telstra Corporation Limited	552,660	2.9%
MSF	Maryborough Sugar Factory Limited (The)	544,221	2.9%
SPL	Starpharma Holdings Limited	474,000	2.5%
CCP	Credit Corp Group Limited	470,276	2.5%
SYM	Symex Holdings Limited	389,514	2.0%
BHP	BHP Billiton Limited	365,704	1.9%
ANZ	Australia and New Zealand Banking Group Limited	364,149	1.9%
WBC	Westpac Banking Corporation	361,826	1.9%
NAB	National Australia Bank Limited	361,055	1.9%
TSI	Transfield Services Infrastructure Fund	346,792	1.8%
CCQ	Contango Capital Partners Limited	330,763	1.7%
PBG	Pacific Brands Limited	268,125	1.4%
PRR	Prima Biomed Limited	220,320	1.2%
VRL	Village Roadshow Limited	190,316	1.0%
RVA	Reva Medical Inc	187,499	1.0%
RHG	RHG Limited	168,097	0.9%
OTH	On The House Limited	165,000	0.9%
INO	Investorfirst Limited	158,700	0.8%

Portfolio Structure – Asset Allocation



Long Portfolio Structure - Sector Allocation



Performance

Set out below is the performance of WAA since listing to May 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%	+17.4%
2008/2009	+9.6%	-22.2%	+31.8%
2009/2010	+22.7%	+13.8%	+8.9%
YTD 2010/2011	+14.1%	+14.9%	-0.8%

*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	May 11	Since Inception
Gross Portfolio*	+3.6%	+0.7%	-0.3%	+0.4%	+2.5%	-1.6%	+56.7%
All Ords Accum.	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%	-1.9%	-13.7%

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