



WAM Australian Equity Fund Limited

A.C.N. 080 135 913

MANAGING DIRECTOR'S QUARTERLY REPORT: SEPTEMBER 2000

Investment Performance

(Market value is before dividend provision)

Quarter to	Sep-99	Sep-00
Total Net Assets	\$7,351,009	\$12,652,557
Net Market Value (Before un-realized CGT provision)	106.6c per share	131.0c per share
Change in NMVPS over the Quarter	+2.3%	-0.8%
Change in All Ords over Quarter	-3.0%	-0.4%
Change in Bank Bill Index over the Quarter	+1.2%	+1.5%

Asset Allocation at 30 Sep 2000

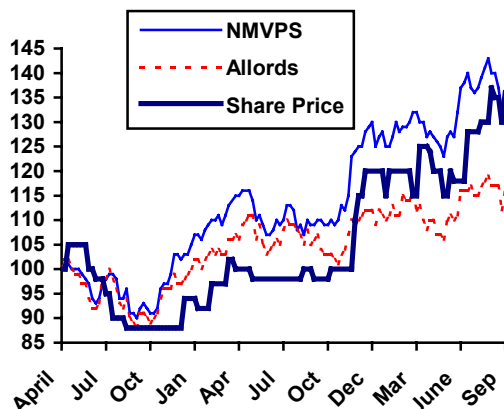
Australian Equities	91.8%
Cash	8.2%

Five major investments

	Sep-99	Sep-00
Flight Centre	8.0%	10.2%
CSL	2.8%	7.3%
NAB	7.1%	6.9%
Macquarie	6.7%	6.7%
Rio Tinto	9.9%	6.6%
Total	34.5%	37.7%

Performance History

(From April 98)



Investment Highlights

- While the investment markets were taking a well-earned breather, the company has been actively raising capital on the back of its excellent investment performance over the past three years. A total of \$3.5million was raised in September, by the issue of shares to cornerstone investors. This caused an increase in the cash component of the portfolio.
- During the September quarter, the major investment purchases were a further 10,000 CSL, 100,000 Metal Storm and 500,000 Queensland Gas Corporation..
- Our investments in Flight Centre and Perpetual continued to perform well while Foundation Healthcare was the outstanding performer during the quarter.
- The Resource sector produced a better return than the Industrial sector during the quarter. This was caused by the low value of the dollar, continued strength in the price of oil and some commodities. The Energy sector was the best relative performer during the quarter, increasing by 9% as compared to the All Ordinaries Index. The Media sector continued to perform strongly.
- On the International front, the S&P fell 5.4% during September as equities declined from recent highs on the expectation of lower earnings in the US. Europe is labouring under the impact of the higher oil price and a lower Euro. As a result, global growth figures are being revised downwards, having a negative impact on share prices.

Fund performance during the quarter

- During the quarter under review, the Net Market Value of the Assets Per Share (NMVPS) declined by 0.8% from 132.0 cents as at June 2000, to 131.0 cents as at the end of September 2000. **Over a twelve-month period to the end of September 2000, the portfolio produced a return of 22.9%.**
- By way of comparison, the Australian market, as represented by the All Ordinaries Index, declined by 0.4% over the quarter and increased by **12.7% over the past year.**