



WAM Australian Equity Fund Limited

A.C.N. 080 135 913

MANAGING DIRECTOR'S QUARTERLY REPORT: MARCH 2000

Investment Performance

Quarter to	Mar-00	Mar 99
Total Net Assets	\$8,901,601	\$7,707,929
NAV (Before un-realised CGT provision)	128.9c per share	111.7c per share
Change in NAV over the Quarter	+1.6%	+9.3%
Change in All Ords over Quarter	-0.6%	+5.5%
Change in Bank Bill Index over the Quarter	+1.4%	+1.2%

Asset Allocation at 31 March 2000

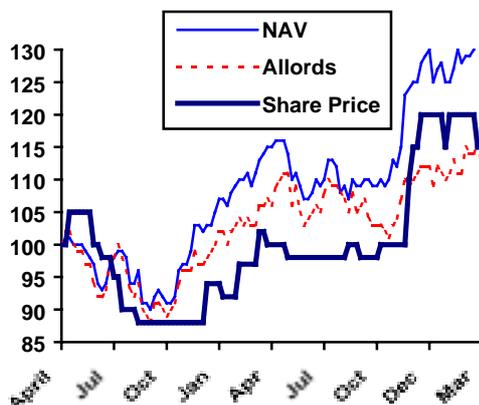
Australian Equities	95.3%
Cash	4.7%

Five major investments (As a % of the portfolio)

	Mar-00	Mar-99
Flight Centre	10.1%	4.7%
Telstra	8.6%	10.1%
Macquarie	7.3%	4.9%
Rio Tinto	7.2%	7.6%
NAB	6.6%	6.6%
Total	39.8%	33.9%

Performance History

(From April 98)



Investment Highlights

- The recent volatility in world equity markets suggests that the jury is still out in the debate between investing at current levels in new or old economy stocks. What is certain is that we are in the midst of an industrial revolution that will dramatically change the way we do business forever. This does not mean that new valuation rules apply. Remember Japan in the 1980's, where PE ratios in excess of 50 were common place and most observers at that time suggested that valuation rules for the Asian economic marvel should be different. In the US, in the period between 1894 and 1903, 20,000 telephone companies were established with very few in existence by 1920.
- In our portfolio, we certainly do have both new and old economy investments but are always mindful of valuation levels for both.
- The Australian market declined by 0.6% over the quarter from a level of 3152.5 to 3133.3. The market decline would have been in excess of 10% had it not been for the meteoric rise in the market price of NewsCorp, which comprises 13.2% of the Index.
- The Industrial sector once again out-performed the financials as well as the mining sector. The Media sector was the best relative performer during the quarter, increasing by 18% as compared to the All Ordinaries Index.
- World corporate earnings are estimated by I/B/E/S to increase by 26% over the next twelve months. The share price of those companies showing good earnings growth should be able to withstand lower market valuations caused by further interest rates increases.

Fund performance during the quarter

- During the quarter under review, the WAM Australian Equity Fund NAV increased by 1.6% from 126.9 cents as at December 1999, to 128.9 cents as at the end of March 2000.
- The major purchases made by WAM during the quarter were Bligh Ventures and National Foods.