



WAM Australian Equity Fund Limited

A.C.N. 080 135 913

MANAGING DIRECTOR'S QUARTERLY REPORT: JUNE 2000

Investment Performance

(Market value is before dividend provision)

Quarter to	June-00	June-99
Total Net Assets	\$9,172,729	\$7,303,613
Net Market Value (Before un-realized CGT provision)	133.7c per share	105.7c per share
Change in NMVPS over the Quarter	+3.7%	-3.8%
Change in All Ords over Quarter	+3.9%	+0.3%
Change in Bank Bill Index over the Quarter	+1.5%	+1.2%

Asset Allocation at 30 June 2000

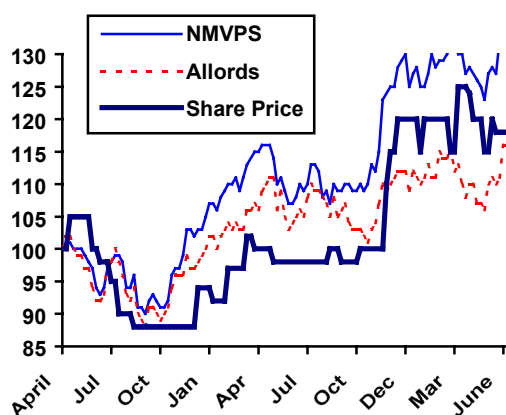
Australian Equities	97.0%
Cash	3.0%

Five major investments

	June-00	June-99
Flight Centre	10.3%	4.3%
NAB	8.6%	6.1%
Rio Tinto	8.4%	9.3%
Telstra	7.4%	10.5%
Macquarie	7.1%	6.9%
Total	41.8%	37.1%

Performance History

(From April 98)



Investment Highlights

- The DotCom euphoria was finally tempered with a return to reality in April. Some of these high-flying stocks showed substantial declines similar to Sausage Software, which declined from a high of 620c to close the year at 230c. As mentioned in previous reports, we had very little exposure to that sector of the market but did take action prior to the decline. We sold our holding in Sirocco Resources at a profit and lightened our holding in Cellnet
- During the June quarter, the major investment purchases were 91,250 Pipeline Trust, 100,000 Australian Rural Group and 48,000 Foundation Healthcare.
- Our investment in NAB and CSL continued to perform well with CSL exceeding our expectations following their overseas acquisition.
- The Mining sector produced a better return than the Industrial sector during the quarter in spite of the fact that banking was one of the best performing sectors, out-performing the overall market by 16%. The Energy sector was the best relative performer during the quarter, increasing by 18% as compared to the All Ordinaries Index.
- On the International front, world corporate earnings are estimated by I/B/E/S to increase by 27% 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 rate increases.

Fund performance during the quarter

- During the quarter under review, the Net Market Value Per Share (NMVPS) of our investments increased by 3.7% from 128.9 cents as at March 2000, to 133.7 cents as at the end of June 2000. **This is an annual increase of 26.5%.**
- By way of comparison, the Australian market, as represented by the All Ordinaries Index, increased by 3.9% over the quarter and by **9.7% over the past year**