

# Investment Update & Net Tangible Assets Report

AS AT 31 JULY 2016



## Performance

Performance at 31 July 2016	1 Mth	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	4.7%	12.1%	22.2%	18.8%	17.3%	13.8%	18.2%
S&P/ASX All Ordinaries Accumulation Index	6.3%	14.1%	4.0%	8.5%	9.4%	5.7%	8.2%
<b>Outperformance</b>	<b>-1.6%</b>	<b>-2.0%</b>	<b>+18.2%</b>	<b>+10.3%</b>	<b>+7.9%</b>	<b>+8.1%</b>	<b>+10.0%</b>

\*Investment performance and Index returns are before expenses, fees and taxes.

## Net Tangible Assets (NTA) figures

NTA before tax	196.68c*
NTA after tax and before tax on unrealised gains	196.58c**
NTA after tax	192.17c**

\*This is after the payment and provision for tax of \$17.8m (3.8 cents per share) for the 2016 financial year.

\*\*Includes 0.3 cps of tax assets resulting from the merger with Premium Investors.

## Share Purchase Plan – closes 19 August 2016

The SPP offers existing shareholders the opportunity to acquire up to \$15,000 worth of ordinary shares in WAM Capital at the fixed price of \$2.14 per share without incurring any brokerage. Shareholders who participate will be entitled to the fully franked final dividend of 7.25 cents per share. The SPP offer closes on 19 August 2016.

## Market overview

The S&P/ASX All Ordinaries Accumulation Index posted strong gains during the month, to finish July up 6.3%, the best month since October 2011.

After an unpromising start to the month due to concerns over the European economy post Brexit, global markets rallied following better than expected economic data out of the United States along with quarterly results which also beat expectations.

Locally, ratings agency Standard & Poor's lowered Australia's credit rating outlook citing an unresolved federal election result and high levels of external and household debt as areas of concern. Political uncertainty eased after the Coalition claimed the requisite majority in the lower house to form government later in the month. The Reserve Bank of Australia released its July minutes, reinforcing its easing bias and has since reduced the cash rate to an all time record low of 1.5% in early August.

We continue to find investment opportunities and our current cash weightings ensure we are well positioned to seize these opportunities as and when they arise. Over the coming weeks we will meet with over 100 companies as part of the semi annual company reporting season. Traditionally this period presents several new investment ideas which we will seek to capitalise on.

### WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$948.5m
Market cap	\$1,051.5m
Share price	\$2.23
NTA before tax	\$1.97
Shares on issue	471,514,559
Fully franked dividends (FY2016)	14.5c
Dividend yield	6.5%

### Investment objectives

- Deliver investors a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

### Company overview

WAM Capital Limited (ASX: WAM), one of Australia's leading Listed Investment Companies, is managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the Australian Securities Exchange. WAM Capital also provides exposure to relative value arbitrage and market mispricing opportunities.

### Wilson Asset Management Investment & Management Team

**Geoff Wilson**  
Portfolio Manager

**Kate Thorley**  
Chief Executive Officer

**Chris Stott**  
Chief Investment Officer/  
Portfolio Manager

**Matthew Haupt**  
Portfolio Manager

**Martin Hickson**  
Senior Equity Analyst/Dealer

**Tobias Yao**  
Senior Equity Analyst

**John Ayoub**  
Senior Equity Analyst

**Oscar Oberg**  
Equity Analyst

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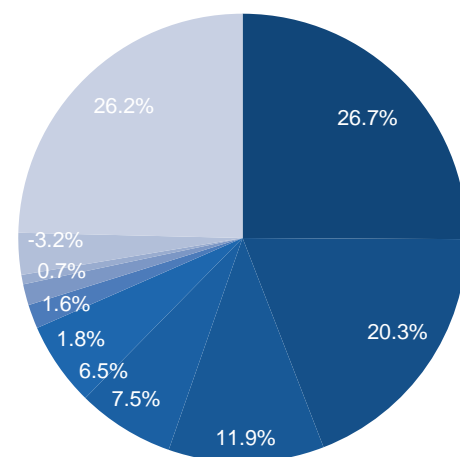
## Diversified portfolio

Investment Type	June 2016		July 2016	
	\$m	%	\$m	%
Listed Equities	593.6	63.2	730.4	77.0
Short Portfolio	(6.3)	(0.6)	(30.0)	(3.2)
Fixed Interest & Cash	351.8	37.4	248.1	26.2
<b>Gross Assets</b>	<b>\$939.1m</b>	<b>100.0</b>	<b>\$948.5m</b>	<b>100.0</b>
Total shares on issue	471,514,559		471,514,559	

## Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	37,468,062	4.0%
SIQ	Smartgroup Corporation Limited	24,740,446	2.6%
RCG	RCG Corporation Limited	22,208,698	2.3%
CYA	Century Australia Investments Limited	19,259,197	2.0%
NCK	Nick Scali Limited	17,432,204	1.8%
AAD	Ardent Leisure Group	17,325,251	1.8%
CCP	Credit Corp Group Limited	16,863,597	1.8%
RWC	Reliance Worldwide Corporation Limited	16,641,118	1.8%
ALL	Aristocrat Leisure Limited	15,309,685	1.6%
VTG	Vita Group Limited	15,245,208	1.6%
ECX	Eclix Group Limited	14,704,361	1.6%
CL1	Class Limited	14,589,891	1.5%
SGF	SG Fleet Group Limited	14,427,010	1.5%
SXL	Southern Cross Media Group Limited	13,643,294	1.4%
AGF	AMP Capital China Growth Fund	13,269,834	1.4%
SDF	Steadfast Group Limited	12,979,844	1.4%
PME	Pro Medicus Limited	12,261,820	1.3%
WPP	WPP AUNZ Limited	11,835,440	1.2%
TRS	The Reject Shop Limited	11,641,305	1.2%
TGG	Templeton Global Growth Fund Limited	11,342,483	1.2%

## Sector allocation



- Financials 26.7%
- Consumer Discretionary 20.3%
- Industrials 11.9%
- Information Technology 7.5%
- Health Care 6.5%
- Telecommunication Services 1.8%
- Materials 1.6%
- Utilities 0.7%
- Short stock -3.2%
- Cash and Fixed Interest: 26.2%

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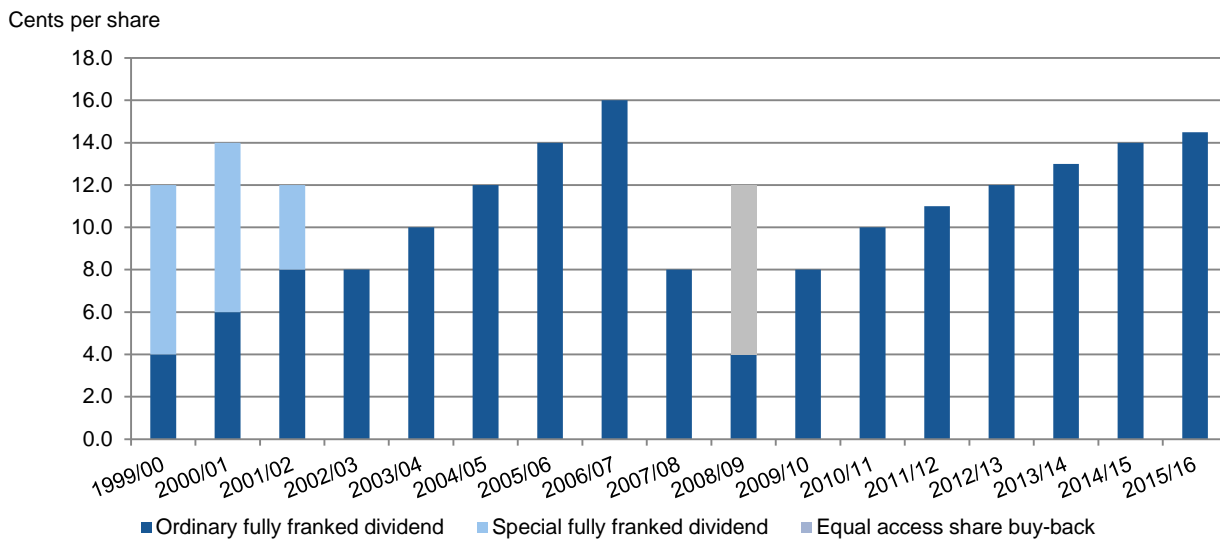
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## Dividend growth

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are usually paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

## WAM Capital dividends since inception



On 25 July 2016, the Company announced a fully franked final dividend of 7.25 cents per share. This brings the full year fully franked dividend to 14.5 cents per share. The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the final dividend. To participate in the DRP, shareholders should send their DRP Election Form to the Company's share registrar (Boardroom) no later than 20 October 2016.

## Key dividend dates

Ex date:	17 October 2016
Record date:	18 October 2016
Last election date for DRP:	20 October 2016
Payment date:	28 October 2016

## Share Purchase Plan – closes Friday 19 August 2016

On 25 July 2016, the Company announced a Share Purchase Plan (SPP), giving existing shareholders the opportunity to acquire up to \$15,000 worth of ordinary shares in WAM Capital at the fixed price of \$2.14 per share without incurring any brokerage. Shareholders who participate will be entitled to the fully franked final dividend of 7.25 cents per share (which will be paid on 28 October 2016).

## Key SPP dates

SPP Record date (AEST 7pm):	Friday, 22 July 2016
Issue of SPP Offer Booklet and SPP opened:	Monday, 1 August 2016
SPP closes:	Friday, 5.00pm (Sydney time) 19 August 2016
Issue date of new shares:	Friday, 26 August 2016

If shareholders have any questions on the SPP, please contact Alexandra Hopper on (02) 9247 6755 or consult your financial advisor or stockbroker.