

Annual General Meeting Chairman's Address

23 November 2016

FY2016 highlights

↑24.5%

Total shareholder return

↑21.6%

Investment portfolio
performance

14.5c

Fully franked full year
dividend

6.5%

Fully franked dividend
yield

Introduction and welcome

Good morning and welcome to the eighteenth WAM Capital Limited Annual General Meeting. I would like to acknowledge the Gadigal people of the Eora nation and pay my respects to their Elders past and present. I would also like to welcome all our shareholders - thank you for joining us and for your continued support of the Company.

I am Geoff Wilson, Chairman of the Board of Directors. I am joined today by my fellow Board members, Kate Thorley, Chris Stott, Matthew Kidman, Paul Jensen and James Chirnside. Unfortunately Lindsay Mann is not able to join us today. I would also like to introduce our audit partner from Pitcher Partners, Scott Whiddett, who will be available to address any questions relating to the Company's financial statements.

Strong investment portfolio outperformance

WAM Capital has consistently applied its proven investment philosophy to achieve sound, risk-adjusted portfolio returns. Since inception in August 1999, the portfolio has returned 18.0% per annum, which is 10.1% greater than the annual average return from the S&P/ASX All Ordinaries Accumulation Index while holding an average of 34.1% in cash.

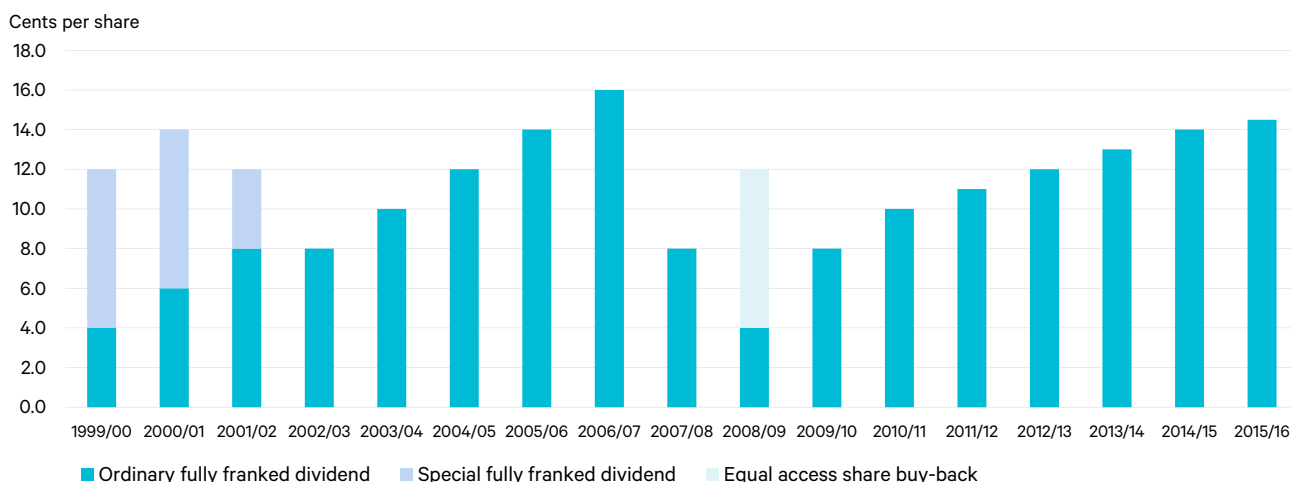
In the year to 30 June 2016 the investment portfolio increased 21.6% outperforming the S&P/ASX All Ordinaries Index by 19.6%. The total shareholder return during the period was 24.5% as the share price premium to NTA increased and the net investment portfolio return, after fees, corporate tax and expenses for the 2016 financial year was 12.6% as measured by WAM Capital's after tax net tangible asset (NTA) growth, adjusted for fully franked dividends paid.

The investment portfolio's performance during the 2016 financial year was impacted by an average cash position of 34.5%. The best performing investments in the period were: Smartgroup Corporation Limited (ASX: SIQ), The a2 Milk Company Limited (ASX: A2M), IPH Limited (ASX: IPH), Mayne Pharma Group Limited (ASX: MYX) and Blackmores Limited (ASX: BKL).

Continued fully franked dividend growth

Strong investment portfolio performance throughout the year has allowed the Board to continue to enhance shareholder returns through the payment of fully franked dividends. The fully franked full year dividend increased to 14.5 cents per share for FY2016.

Fully franked dividends since inception



Strong financial results

In FY2016, the Company achieved strong growth, increasing pre-tax profit by 85.7% to \$132.3 million. Over the 12-month period, the Company's gross assets grew by \$105.4 million to \$939.1 million after paying tax of \$21.1 million and dividends of \$50.7 million (net of reinvestment). The growth in assets has been enhanced with the strong performance of the investment portfolio, which increased 21.6% for the year to 30 June 2016.

Growth of \$10,000 investment since inception

WAM Capital versus the Index



Growth of WAM Capital to benefit all shareholders

During the 2016 financial year, WAM Capital raised \$25.1 million through the dividend reinvestment plan (DRP) shortfall placement to professional and sophisticated investors*. The proceeds from the placement have been invested in accordance with WAM Capital's disciplined investment process.

Since year end, WAM Capital completed a Share Purchase Plan (SPP) and placement, which raised a combined \$247.5 million driven by strong demand from WAM Capital shareholders. The SPP closed on 19 August 2016 after raising more than \$128.4 million. The placement was oversubscribed and raised \$119.1 million. In October, the Company successfully raised \$20.3 million through a significantly oversubscribed placement to professional and sophisticated investors*. The Placement was facilitated in response to investor demand.

The capital raising initiatives were undertaken at a premium to the Company's NTA and increased the NTA accordingly. WAM Capital's growth will deliver benefits to all shareholders. As the Company's NTA per share increases, on-market liquidity for the shares has also increased, along with the Company's relevance in the market. These factors improve the prospect of broker and research coverage and additional interest from financial planners.

Public policy and advocacy – equal access to the equity market

Wilson Asset Management continues to engage in advocacy and public policy discussions on behalf of all shareholders regarding issues of importance and has continued to advocate for the equal access to equity markets for all investors, regardless of whether they are retail or wholesale investors.

During the financial year, Wilson Asset Management made a submission in response to proposed changes to the ASX admission requirements for listed entities. We believe our recommendations served the interests of all investors and aligned with the ASX's objectives of ensuring it remains a market of quality and integrity, while continuing to be internationally competitive. We are pleased the ASX has announced it will retain the current 'spread test' minimum of \$2,000. In our view, a \$2,000 threshold helps ensure accessibility to the equities market for retail investors, particularly young and first time investors. We also welcome the adoption of a formal free float minimum requirement. We believe this will assist in ensuring a liquid secondary market for securities, underscoring a benefit of shares relative to other, less liquid, asset classes. Changes to the ASX admission requirements are due to come into effect on 19 December 2016.

Equity market outlook

The Australian economy is showing early signs of improvement and accordingly the Reserve Bank of Australia's easing interest rate cycle appears to be drawing to a close. Equity valuations have been inflated by record low interest rates and global easy money policies, and as a result we are cautious about the direction of the equity market in the 2017 financial year. We expect continued equity market volatility as the rebellion against the status quo continues globally and the first year of the Trump US Presidency unfolds.

Company outlook

WAM Capital entered the 2017 financial year with an extremely conservative balance sheet, a high cash weighting, no debt and a flexible and proven investment approach. The Company will continue to seek opportunities irrespective of market conditions, having achieved market outperformance through various market cycles.

*These terms are defined in the *Corporations Act* as individuals with net assets greater than \$2.5 million, or those who earn gross income of \$250,000, or a superannuation fund with net assets of at least \$10 million.

Shareholder engagement and communication

Shareholders are the owners of WAM Capital. That is why we encourage you all to meet with us at our semi-annual shareholder briefings and subscribe to our:

- Weekly investor updates from our Chief Investment Officer
- Regular market news and investment insights
- Monthly investment updates
- Annual and half yearly profit announcements
- Website: wilsonassetmanagement.com.au.

We aim to provide valuable and insightful communications and welcome all feedback on how we can improve our communication and engagement with shareholders – please contact our Head of Corporate Affairs, James McNamara on (02) 9247 6755 or email us at info@wilsonassetmanagement.com.au.

Making a difference

Wilson Asset Management, WAM Capital's investment manager, is passionate about making a positive difference to our shareholders and the community. In FY2016 the team at Wilson Asset Management worked towards this objective in a number of ways.

We continued our support of Future Generation Investment Company (ASX: FGX) and Future Generation Global Investment Company (ASX: FGG), Australia's first philanthropic wealth creation vehicles with the dual purpose of creating shareholder wealth and investing in our future generation. FGX and FGG are actively making a difference with a significant, permanent and growing income stream for high impact charities working to better the lives of young Australians. Wilson Asset Management's team gives ongoing pro bono support to these innovative companies, providing funds management, marketing, shareholder communications, company secretarial, administrative and support functions.

During the year, Wilson Asset Management joined Pledge 1% – a global corporate philanthropy movement that commits to donating 1% of product, 1% of equity, or 1% of employee time to improve communities around the world. We do this in a number of ways, including through a program that allows our staff to spend one day each month working in the non-profit sector.

We are proud to provide significant support to various charities. In addition, every Wilson Asset Management team member is given \$10,000 per year to donate as they see fit to any one or multiple charities. All donations are made by Wilson Asset Management and not WAM Capital.

Thank you

I would like to thank the entire Wilson Asset Management team. Every member of the team has worked tirelessly throughout the year for the shareholders of WAM Capital. I would also like to thank my fellow Board members for their invaluable contributions to WAM Capital during another significant year of growth for the Company. I am grateful for the Board's ongoing guidance and expertise. Finally, on behalf of the Board and Wilson Asset Management, thank you to our 23,858 loyal shareholders for your continued support and to the 3,072 shareholders who joined WAM Capital in the last year, welcome to the Wilson Asset Management family.