

Investment Update & Net Tangible Assets Report

AS AT 31 MAY 2016



Performance

Performance at 31 May 2016	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio	5.1%	6.6%	20.7%	18.8%	18.0%	15.5%	13.3%	18.0%
S&P/ASX All Ordinaries Accumulation Index	3.1%	6.7%	4.4%	-1.2%	8.1%	7.3%	5.4%	8.1%
Outperformance	2.0%	-0.1%	+16.3%	+20.0%	+9.9%	+8.2%	+7.9%	+9.9%

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

Net Tangible Assets (NTA) figures

NTA before tax	191.65c [*]
NTA after tax and before tax on unrealised gains	192.34c ^{**}
NTA after tax	185.57c ^{**}

*These figures are all after the payment of \$2.6m (0.5 cents per share) in tax during the month.

**Includes 0.9 cents of tax assets resulting from the merger with Premium Investors.

Market overview

The S&P/ASX All Ordinaries Accumulation Index gained 3.1% for the month.

Global equity markets fell early in the month but rallied following commentary from the US Federal Reserve, which indicated a possible rate hike in June. The comments spurred the domestic market, which was also boosted by a rate cut and dovish inflation outlook from the Reserve Bank of Australia (RBA).

Australia's major banks reported interim results or trading updates, which showed structural and cyclical headwinds still remain in the sector. The bank sector outperformed on the back of the rate cut, lifting the overall index during the month.

We remain cautious on the short-term performance of the Australian equity market. Our cash levels ensure we are well positioned to find opportunities in the market as they arise.

Zenith Investment Partners Product Assessment

Last week WAM Capital was rated by independent research house Zenith Investment Partners. You can read the full report on our website at www.wamfunds.com.au.

WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$931.9m
Market cap	\$1,009.0m
Share price	\$2.14
NTA before tax	\$1.92
Shares on issue	471,514,559
Fully franked annualised interim dividend (FY2016)	14.5c
Dividend yield	6.8%

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 arbitrages and market mispricing opportunities.

Investment & Management Team

Geoff Wilson

Chairman/Portfolio Manager

Kate Thorley

Chief Executive Officer/
Company Secretary

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

James McNamara

Head of Corporate Affairs

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AS AT 31 MAY 2016



Diversified portfolio

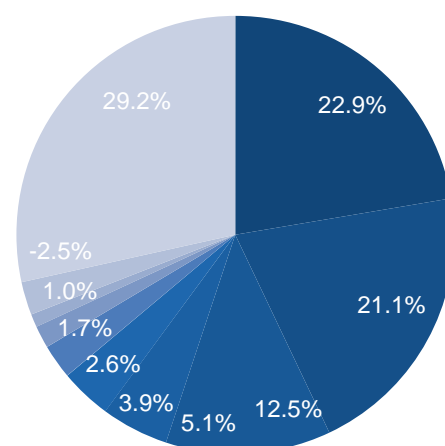
Investment Type	April 2016		May 2016	
	\$m	%	\$m	%
Listed Equities	572.0	63.8	676.5	70.8
Fixed Interest & Cash	358.5	36.2	279.2	29.2
Long Portfolio	930.5	100.0	955.7	100.0
Short Portfolio	(14.0)	(1.6)	(23.8)	(2.5)
Gross Assets	\$916.5m		\$931.9m*	
Total shares on issue	468,006,885		471,514,559	

*This figure is after the payment of \$2.6m (0.5 cents per share) in tax during the month as well as the payment of the \$26.5m (7.25 cents per share) fully franked interim dividend which traded ex dividend 27 April 2016 and was paid on 13 May 2016.

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
PBG	Pacific Brands Limited	46,292,446	5.0%
HHV	Hunter Hall Global Value Limited	34,331,803	3.7%
ECX	Eclipx Group Limited	25,315,197	2.7%
SIQ	Smartgroup Corporation Limited	21,206,108	2.3%
APN	APN News & Media Limited	18,758,165	2.0%
CYA	Century Australia Investments Limited	17,594,523	1.9%
NCK	Nick Scali Limited	15,592,644	1.7%
MYX	Mayne Pharma Group Limited	15,523,612	1.7%
SXL	Southern Cross Media Group Limited	15,124,438	1.6%
RWC	Reliance Worldwide Corporation Limited	14,871,065	1.6%
MTS	Metcash Limited	14,797,833	1.6%
AAD	Ardent Leisure Group	14,753,356	1.6%
CCP	Credit Corp Group Limited	14,713,801	1.6%
MQA	Macquarie Atlas Roads Group	14,604,828	1.6%
VOC	Vocus Communications Limited	14,468,101	1.6%
SGF	SG Fleet Group Limited	14,057,101	1.5%
MVP	Medical Developments International Limited	13,243,600	1.4%
RCG	RCG Corporation Limited	13,060,741	1.4%
CL1	Class Limited	12,911,710	1.4%
VTG	Vita Group Limited	11,948,232	1.3%

Sector allocation



- Financials 22.9%
- Consumer Discretionary 21.1%
- Industrials 12.5%
- Health Care 5.1%
- Information Technology 3.9%
- Consumer Staples 2.6%
- Telecommunication Services 1.7%
- Utilities 1.0%
- Short stock: -2.5%
- Cash and Fixed Interest: 29.2%

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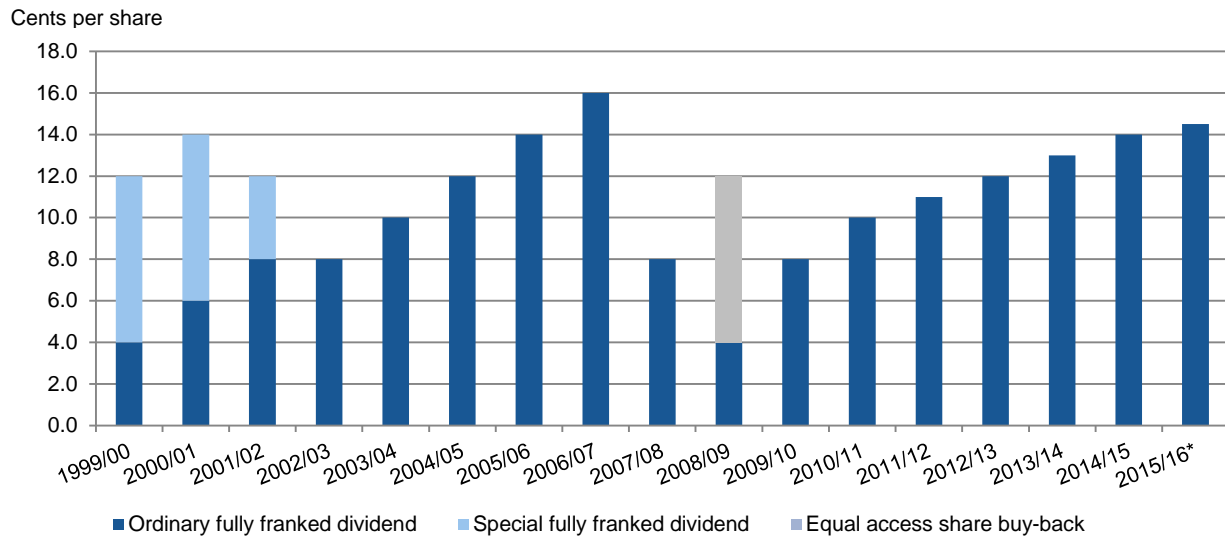
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Dividend growth

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



*Annualised interim dividend

On 13 May 2016, the Company paid a fully franked interim dividend of 7.25 cents per share, an increase of 3.6% on the previous corresponding period.