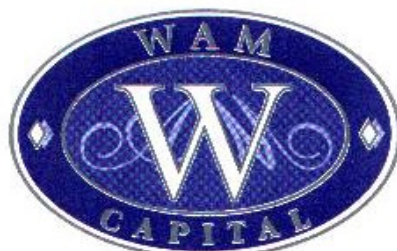


# WAM CAPITAL LIMITED

(ACN 086 587 395)



## **WAM CAPITAL AUGUST 2007 INVESTMENT UPDATE & NTA**

WAM is an investment company whose mission is to provide superior returns to its investors over the medium to long term. WAM is managed by Wilson Asset Management (International) Pty Limited.

Since inception in August 1999 WAM Capital Ltd (WAM) has outperformed the overall sharemarket. WAM's portfolio (before all fees, costs, taxes and dividend) has increased by 550.9% compared to a 190.5% increase in the All Ordinaries Accumulation Index.

In August WAM's gross portfolio (before all fees, costs and taxes) fell by 4.20%, while the All Ordinaries Accumulation Index rose by 1.70%.

NTA before tax	193.31c
NTA after tax and before tax on unrealised gains	191.68c
NTA after tax	182.13c

The above figures are before the payment of a final dividend of 8.0 cents a share fully franked, payable on the 26 October 2007.

### **MARKET OUTLOOK**

August was the most volatile month the Australian sharemarket has experienced in many years. At one stage the All Ordinaries Accumulation Index was down 8%, only to recover to finish up 1.7%. The Small Ordinaries Accumulation Index was even more volatile, falling 13% at one stage and finishing down 3.9%. We would expect markets to stay skittish until the effects of the mortgage crisis in the US are fully played out. We remain cautious and are concerned the world's largest economy, the US, is heading for a major slow down.

### **DIVIDEND**

The final dividend declared for the 2007 year is 8.0 cents a share fully franked, payable on 26 October 2007. The shares will trade ex dividend on 15 October 2007.

The dividend re-investment plan will be operating at no discount. To participate in the dividend re-investment plan, please send your election to our share registrar no later than the 15 October 2007.

To be entitled to receive this dividend, current option holders need to exercise all or any part of their options into ordinary shares by close of business 4 October 2007.

## **OPTIONS ISSUE**

On 24<sup>th</sup> October 2006, the Directors of WAM Capital Limited announced a 1 for 1 bonus issue of options to its shareholders. The options were allotted to shareholders on 1<sup>st</sup> December 2006 and have been issued at no cost to shareholders. The options have an exercise price of \$1.80 per option and can be exercised any time up until the expiry date of 17 December 2007.

As at the 10<sup>th</sup> September, 19,894,785 options have been exercised for a total consideration of \$35,810,613 with a remaining balance of outstanding options being 48,315,986.

## **PERFORMANCE**

- The gross portfolio has decreased 3.96% for the 2 months to 31 August 2007.
- The gross portfolio has increased 33.30% for the 12 months to 31 August 2007.

Set out below is the performance of WAM Capital Limited since listing to 30 June 2007:

	Gross Portfolio*	All Ords. Accumulation Index	Outperformance
1999/2000	+33.3%	+11.3%	+22.0%
2000/2001	+30.2%	+8.9%	+21.3%
2001/2002	+32.7%	-4.5%	+37.2%
2002/2003	+12.3%	-1.1%	+13.4%
2003/2004	+27.3%	+22.4%	+4.9%
2004/2005	+13.9%	+24.8%	-10.9%
2005/2006	+27.4%	+24.2%	+3.2%
2006/2007	+44.1%	+30.3%	+13.8%

Annualised performance	Gross Portfolio*	All Ords. Accumulation Index	Outperformance
1 year	+44.1%	+30.3%	+13.8%
3 years	+27.9%	+26.1%	+1.7%
5 years	+24.5%	+20.6%	+4.0%
7 years	+26.2%	+14.5%	+11.7%
Since inception	+27.3%	+14.5%	+12.9%

\*The change in the portfolio before all expenses, fees and taxes.

## **PORTFOLIO STRUCTURE & STRATEGY**

As at 31 August 2007, listed securities made up approximately 68.8% of the portfolio, while fixed interest and cash made up the remaining 31.2%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, are well positioned in growth industries and have proven management. We continue to research heavily to find companies that meet this profile.

## **PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)**

At 31 August 2007 the major securities held in the portfolio were:

<b>COMPANY</b>	<b>MARKET VALUE \$</b>
Adtrans Group Ltd (ADG)	1,481,200.30
Antares Energy Ltd Unsec Conv Notes (AZZG)	1,260,000.00
Bank of Queensland Reset Prefs (BOQPB)	1,671,608.40
Chandler MacLeod Ltd (CHD)	1,189,277.45
Clime Investment Ltd (CIW)	3,301,761.36
Coffey International Ltd (COF)	2,713,924.80
Credit Corp Group Ltd (CCP)	6,502,989.20
Envirozel Ltd (EVZ)	1,275,939.60
Gosford Quarry Ltd (GOH)	1,168,450.29
Henderson Group Plc (HGI)	3,613,050.00
HFA Holdings Ltd (HFA)	2,046,924.00
Industrial Minerals Ltd (IDM)	1,648,500.00
ITX Group Limited (ITX)	1,825,321.54
IWL Ltd (IWL)	4,351,170.60
Jabiru Metals Ltd (JML)	1,253,007.00
Ludowici Ltd (LDW)	2,066,823.45
Mariner Bridge Investments Ltd (MBR)	2,015,108.80
Mariner Financial Ltd (MFI)	1,582,020.00
McMillan Shakespeare Ltd (MMS)	3,620,013.60
Melbourne IT Ltd (MLB)	3,916,494.90
Mitchell Communications Group Ltd (MCU)	2,047,820.58
NewSat Ltd (NWT)	1,129,037.35
Nomad Building Solutions Ltd (NOD)	2,594,480.00
Photon Group Ltd (PGA)	4,406,844.42
Premier Investments Ltd (PMV)	1,501,455.60
Rattoon Holdings Ltd (RTN)	3,859,905.60
Reckon Ltd (RKN)	5,761,944.76
Reef Casino Trust (RCT)	1,169,547.60
Reverse Corp Ltd (REF)	2,943,562.08
RR Australia Ltd (RRA)	1,705,766.54
Service Stream Ltd (SSM)	4,216,566.06
Seven Network Ltd (SEV)	4,657,050.00
Southern Cross Broadcasting Ltd (SBC)	3,815,605.20
Tattersall's Ltd (TTS)	1,257,000.00
Watpac Ltd (WTP)	3,265,411.20

For further information please contact:

Mr Geoff Wilson on (02) 9247 6755 / 0412 242 712  
Mr Matthew Kidman on (02) 9258 4938 / 0417 069 578  
Website: [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au)

LEVEL ELEVEN  
139 MACQUARIE ST  
SYDNEY NSW 2000  
TEL (02) 9247 6755  
FAX (02) 9247 6855