

WAM CAPITAL LIMITED

(ACN 086 587 395)



WAM CAPITAL JULY 2006 INVESTMENT UPDATE & NTA

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 370.4% compared to a 120.2% increase in the All Ordinaries Accumulation Index.

- In July WAM's gross portfolio (before all fees, costs and taxes) increased by 0.42%, while the All Ordinaries Accumulation Index fell by 1.51%..
- The NTA before tax was 167.30* cents a share, as at 31 July 2006.
- The NTA after tax was 157.49 cents a share, as at 31 July 2006.

The above figures are before the payment of a final dividend of 7.0 cents a share fully franked, payable on the 27 October 2006.

* This is after the provision of \$1,114,404 (1.65 cents a share) in tax to be paid for the 2005/06 year.

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.

MARKET OUTLOOK

The Australian sharemarkets' bull run that began in March 2003 has stalled, with the All Ordinaries index unable to reclaim the high reached in May. Does this mean the bull market is over? Nothing is ever certain with forecasting, but we believe the bull run is over and gains will be harder to come by. There are several reasons for our thinking. Firstly, interest rates, both domestically and globally are rising. Higher interest rates generally have a negative impact on equities. Secondly, the company profit cycle is at historic highs, at a time when costs are steadily increasing.

DIVIDEND

The final dividend of 7.0 cents a share fully franked, will bring the full year dividend to 14.0 cents a share. The shares will trade ex dividend on 16 October 2006 with payment on 27 October 2006.

PORTFOLIO STRUCTURE & STRATEGY

As at 31 July 2006, listed securities made up approximately 80% of the portfolio, while fixed interest and cash made up the remaining 20%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, and are well positioned in growth industries and have proven management. We continue to research heavily to find companies that meet this profile.

At 31 July 2006 the major securities held in the portfolio were:

COMPANY	MARKET VALUE \$
ABC Learning Centres Ltd (ABS)	1,871,056
Bank of Queensland Reset Prefs (BOQPB)	1,700,475
Bendigo Bank Ltd (BEN)	1,811,619
Coates Hire Ltd (COA)	1,306,200
Contango Microcap Ltd (CTN)	2,761,891
Credit Corp Group Ltd (CCP)	5,889,635
Customers Ltd (CUS)	1,361,900
DWS Adanced Business Solutions Ltd (DWS)	1,162,175
Incremental Petroleum Ltd (IPM)	2,961,000
Jumbuck Entertainment Ltd (JMB)	1,439,288
Linq Resources Fund (LRF)	1,839,209
Loftus Capital Partners Ltd (LCP)	1,888,697
Ludowici Ltd (LDW)	1,078,000
Mariner Financial Ltd (MFI)	1,125,600
McMillan Shakespeare Ltd (MMS)	2,493,590
Melbourne IT Ltd (MLB)	1,960,433
Mortgage Choice Ltd (MOC)	1,156,920
Multimedia Ltd (MUL)	1,226,096
Oakton Ltd (OKN)	1,611,332
Oamps Ltd (OMP)	2,069,746
OFM Investment Group Ltd (OFM)	1,222,462
Petsec Energy Ltd (PSA)	1,881,600
Photon Group Ltd (PGA)	2,370,461
Pro Medicus Ltd (PME)	1,092,301
Rebel Sport Ltd (REB)	1,411,586
Reckon Ltd (RKN)	3,631,414
Reef Casino Trust (RCT)	1,185,569
Select Harvests Ltd (SHV)	2,984,605
Tassal Group Ltd (TGR)	2,834,970
The Reject Shop Ltd (TRS)	1,725,871
Tower Ltd (TWR)	4,711,086
Webjet Ltd (WEB)	2,115,462
Wentworth Mutual Ltd (WWM)	1,857,854

NTA before tax	167.30c*
NTA after tax and before tax on unrealised gains	167.08c
NTA after tax	157.49c

The above figures are before the payment of a final dividend of 7.0 cents a share fully franked, payable on the 27 October 2006.

* This is after the provision of \$1,114,404 (1.65 cents a share) in tax to be paid for the 2005/06 year.

For further information please contact:

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PERFORMANCE TABLE

	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00
Gross Portfolio *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%
All Ordinaries Accum.	-1.9%	-1.7%	+0.5%	+5.9%	+3.7%	-1.8%
	Feb 00	Mar 00	Apr 00	May 00	Jun 00	Jul 00
Gross Portfolio *	+5.4%	+5.3%	-5.7%	-2.9%	+3.6%	+2.9%
All Ordinaries Accum.	+1.6%	+0.5%	-1.5%	-1.3%	+7.7%	-1.3%
	Aug 00	Sep 00	Oct 00	Nov 00	Dec 00	Jan 01
Gross Portfolio *	+5.2%	-0.7%	+2.5%	+1.9%	+0.1%	+1.7%
All Ordinaries Accum.	+1.7%	+0.2%	-1.1%	+1.1%	-2.0%	+4.4%
	Feb 01	Mar 01	Apr 01	May 01	Jun 01	July 01
Gross Portfolio *	-0.2%	-3.7%	+3.9%	+6.7%	+6.9%	-1.0%
All Ordinaries Accum.	-0.2%	-4.8%	+5.7%	+1.6%	+3.8%	-4.5%
	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02
Gross Portfolio *	+4.6%	-2.9%	+8.6%	+3.8%	+3.3%	+7.0%
All Ordinaries Accum.	-1.3%	-6.7%	+6.8%	+3.4%	+2.7%	+1.3%
	Feb 02	Mar 02	Apr 02	May 02	Jun 02	Jul 02
Gross Portfolio *	+3.1%	+4.9%	-0.4%	+0.7%	-2.2%	-3.0%
All Ordinaries Accum.	-1.1%	+0.8%	-1.8%	+0.9%	-4.4%	-4.1%
	Aug 02	Sep 02	Oct 02	Nov 02	Dec 02	Jan 03
Gross Portfolio *	+3.9%	-1.1%	+1.1%	+1.6%	+1.5%	+1.3%
All Ordinaries Accum.	+1.8%	-4.1%	+2.6%	+1.5%	-1.5%	-1.3%
	Feb 03	Mar 03	Apr 03	May 03	Jun 03	Jul 03
Gross Portfolio *	-1.7%	-0.4%	+3.8%	+1.5%	+3.5%	+3.6%
All Ordinaries Accum.	-5.1%	+3.4%	+4.4%	+0.5%	+1.3%	+3.6%
	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04
Gross Portfolio *	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%
All Ordinaries Accum.	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%
	Feb 04	Mar 04	Apr 04	May 04	Jun 04	Jul 04
Gross Portfolio *	+2.7%	+0.1%	-1.3%	-0.8%	+1.0%	+2.4%
All Ordinaries Accum.	+3.1%	+2.0%	-0.1%	+1.6%	+2.7%	+0.6%
	Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05
Gross Portfolio *	+1.2%	+2.5%	+2.9%	+3.3%	+0.7%	+2.7%
All Ordinaries Accum.	+1.1%	+3.8%	+3.1%	+4.6%	+3.0%	+1.3%
	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
Gross Portfolio *	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+1.8%	-0.7%	-3.8%	+3.4%	+4.5%	+2.8%
	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06
Gross Portfolio *	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%
	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06
Gross Portfolio *	+4.9%	+5.3%	+2.1%	-2.3%	+0.5%	+0.4%
All Ordinaries Accum.	+0.7%	+4.8%	+2.4%	-4.3%	+1.9%	-1.5%
						Since Inception
Gross Portfolio *						+370.4%**
All Ordinaries Accum.						+120.2%

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

**2005/06 performance figures have been adjusted to reflect the weighted average payments of tax and dividends over the 12 month period.