

# WAM CAPITAL LIMITED

(ACN 086 587 395)



## **WAM CAPITAL MARCH 2007 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 510.6% compared to a 174.1% increase in the All Ordinaries Accumulation Index.

- In March WAM's gross portfolio (before all fees, costs and taxes) increased by 1.88%, while the All Ordinaries Accumulation Index rose by 3.33%.
- The gross portfolio has increased 30.0% for the 12 months to 31 March 2007.
- The gross portfolio has increased 29.8% for the 9 months to 31 March 2007.
- The NTA before tax was 200.39 cents a share, as at 31 March 2007.
- The NTA after tax was 182.58 cents a share, as at 31 March 2007.

The above figures are undiluted for unexercised options but after the exercise of 3,271,333 options at \$1.80 each during the month. The above figures are also before the payment of an interim dividend of 8.0 cents a share fully franked, payable on the 27 April 2007.

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 share market overcame its February jitters to rise by more than 3% in March. Since the end of March, the Australian market has raced to a record high. Much of this recent surge has been fuelled by the inflow of money from superannuation and takeover bids, predominantly from private equity funds. While these fund inflows are a powerful force, they threaten to create a liquidity bubble if valuations continue to expand. As a result we remain cautious.

### **DIVIDEND**

On the 6<sup>th</sup> February the Directors declared an interim dividend of 8.0 cents a share fully franked payable on the 27 April 2007. The shares will trade ex dividend on 16 April 2007.

Option holders who exercise their options by the 13 April 2007 will receive the interim dividend of 8.0 cents a share.

### **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> April 11,382,746 options have been exercised for a total consideration of \$20,488,943 with a remaining balance of outstanding options being 56,828,025.

## **PORTFOLIO STRUCTURE & STRATEGY**

As at 31 March 2007, 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, are well positioned in growth industries and have proven management. We continue to research heavily to find companies that meet this profile.

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

<b>COMPANY</b>	<b>MARKET VALUE \$</b>
AJ Lucas Group Ltd (AJL)	1,512,421
Antares Energy Ltd Unsec Conv Notes (AZZG)	1,400,000
Bank of Queensland Reset Prefs (BOQPB)	1,696,327
Clime Investment Ltd (CIW)	2,449,405
Coffey International Ltd (COF)	2,955,162
Credit Corp Group Ltd (CCP)	7,877,714
Harvey Norman Holdings Ltd (HVN)	1,536,360
Henderson Group Plc (HGI)	3,270,400
IWL Ltd (IWL)	2,319,680
Linq Resources Fund (LRF)	1,740,521
Ludowici Ltd (LDW)	1,746,895
Mariner Bridge Investments Ltd (MBR)	2,569,807
Mariner Financial Ltd (MFI)	2,041,800
McMillan Shakespeare Ltd (MMS)	3,667,961
Melbourne IT Ltd (MLB)	3,922,346
MMC Contrarian Ltd (MMA)	3,210,588
Monadelphous Group Ltd (MND)	2,230,200
Photon Group Ltd (PGA)	3,859,007
Rattoon Holdings Ltd (RTN)	3,808,318
Reckon Ltd (RKN)	4,555,449
Reef Casino Trust (RCT)	1,345,781
Reverse Corp Ltd (REF)	3,180,535
Select Harvests Ltd (SHV)	1,539,283
Service Stream Ltd (SSM)	1,883,891
Seven Network Ltd (SEV)	2,032,760
Sylvania Resources Ltd (SLV)	1,900,800
Tassal Group Ltd (TGR)	1,744,588
Tox Free Solutions Ltd (TOX)	1,458,000
Wotif.com Holdings Ltd (WTF)	1,854,413
NTA before tax	200.39c
NTA after tax and before tax on unrealised gains	195.49c
NTA after tax	182.58c

The above figures are undiluted for unexercised options but after the exercise of 3,271,333 options at \$1.80 each during the month. The above figures are also before the payment of an interim dividend of 8.0 cents a share fully franked, payable on the 27 April 2007.

## PERFORMANCE TABLE

	<b>Aug 99</b>	<b>Sep 99</b>	<b>Oct 99</b>	<b>Nov 99</b>	<b>Dec 99</b>	<b>Jan 00</b>
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%
	<b>Feb 00</b>	<b>Mar 00</b>	<b>Apr 00</b>	<b>May 00</b>	<b>Jun 00</b>	<b>Jul 00</b>
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%
	<b>Aug 00</b>	<b>Sep 00</b>	<b>Oct 00</b>	<b>Nov 00</b>	<b>Dec 00</b>	<b>Jan 01</b>
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%
	<b>Feb 01</b>	<b>Mar 01</b>	<b>Apr 01</b>	<b>May 01</b>	<b>Jun 01</b>	<b>July 01</b>
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%
	<b>Aug 01</b>	<b>Sep 01</b>	<b>Oct 01</b>	<b>Nov 01</b>	<b>Dec 01</b>	<b>Jan 02</b>
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%
	<b>Feb 02</b>	<b>Mar 02</b>	<b>Apr 02</b>	<b>May 02</b>	<b>Jun 02</b>	<b>Jul 02</b>
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%
	<b>Aug 02</b>	<b>Sep 02</b>	<b>Oct 02</b>	<b>Nov 02</b>	<b>Dec 02</b>	<b>Jan 03</b>
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%
	<b>Feb 03</b>	<b>Mar 03</b>	<b>Apr 03</b>	<b>May 03</b>	<b>Jun 03</b>	<b>Jul 03</b>
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%
	<b>Aug 03</b>	<b>Sept 03</b>	<b>Oct 03</b>	<b>Nov 03</b>	<b>Dec 03</b>	<b>Jan 04</b>
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%
	<b>Feb 04</b>	<b>Mar 04</b>	<b>Apr 04</b>	<b>May 04</b>	<b>Jun 04</b>	<b>Jul 04</b>
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%
	<b>Aug 04</b>	<b>Sep 04</b>	<b>Oct 04</b>	<b>Nov 04</b>	<b>Dec 04</b>	<b>Jan 05</b>
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%
	<b>Feb 05</b>	<b>Mar 05</b>	<b>Apr 05</b>	<b>May 05</b>	<b>Jun 05</b>	<b>Jul 05</b>
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%
	<b>Aug 05</b>	<b>Sep 05</b>	<b>Oct 05</b>	<b>Nov 05</b>	<b>Dec 05</b>	<b>Jan 06</b>
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%
	<b>Feb 06</b>	<b>Mar 06</b>	<b>Apr 06</b>	<b>May 06</b>	<b>Jun 06</b>	<b>Jul 06</b>
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%
	<b>Aug 06</b>	<b>Sep 06</b>	<b>Oct 06</b>	<b>Nov 06</b>	<b>Dec 06</b>	<b>Jan 07</b>
Gross Portfolio *	+3.4%	+2.4%	+4.7%	+3.6%	+6.1%	+3.8%
All Ordinaries Accum.	+3.2%	+1.3%	+4.8%	+2.5%	+3.6%	+2.0%
	<b>Feb 07</b>	<b>Mar 07</b>	<b>Apr 07</b>	<b>May 07</b>	<b>Jun 07</b>	<b>Since Inception</b>
Gross Portfolio *	+0.39%	+1.88%				+510.6%
All Ordinaries Accum.	+1.59%	+3.33%				+174.1%

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