

Investment Update & Net Tangible Assets Report

AS AT 31 DECEMBER 2014



Performance

Performance at 31 December 2014	1 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	0.6%	6.4%	11.1%	18.4%	13.8%	13.0%	17.8%
S&P/ASX All Ordinaries Accumulation Index	1.9%	2.3%	5.0%	14.3%	6.4%	7.3%	8.3%
Outperformance	-1.3%	+4.1%	+6.1%	+4.1%	+7.4%	+5.7%	+9.5%

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

Net Tangible Assets (NTA) figures

NTA before tax	177.40c
NTA after tax and before tax on unrealised gains	179.23c*
NTA after tax	175.20c*

*Includes 2.2 cents of tax assets resulting from the merger with Premium Investors.

Market overview

The Australian equity market closed the year on a high rallying strongly in the final two weeks to finish the calendar year up 5%. Consumer sentiment and unemployment figures released during the month both pointed to weaker conditions domestically, while the Australian Dollar continued its decline to finish at its lowest level since June 2010.

Overseas the S&P500 Index hit new record highs while the Dow Jones Industrial Average Index reached 18,000 for the first time in history. The falling oil price dragged on global markets with no respite to the current oversupply. The lower oil price will be a stimulatory factor for the global economy in the short to medium term.

As we move into 2015, we remain cautious on the Australian economy and sharemarket. We believe interest rate cuts will be forthcoming this year on the back of weaker inflation data and the higher unemployment rate. This could provide stimulus to equity markets to move higher, however the impact on company earnings remains to be seen. We expect once again that the market for IPOs will stay strong for the next six months along with a heightened level of M&A activity in the new year with corporate balance sheets in great shape. Our investment portfolio remains well positioned to take advantage of opportunities as they arise.

WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$620.6m
Market cap	\$694.3m
Share price	\$2.01
NTA before tax	\$1.77
Shares on issue	345,405,201
Fully franked annualised interim dividend (FY2015)	14.0c
Dividend yield	7.0%

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 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 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

Martin Hickson

Senior Equity Analyst/Dealer

Matthew Haupt

Senior Equity Analyst

Tobias Yao

Equity Analyst

Melanie Shaw

Corporate Affairs

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Diversified portfolio

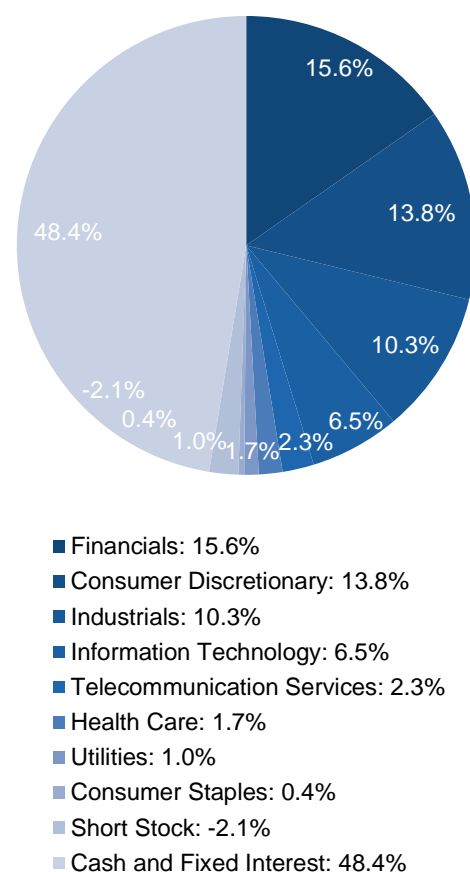
Investment Type	November 2014		December 2014	
	\$m	%	\$m	%
Listed Equities	348.0	55.5	327.2	51.6
Fixed Interest & Cash	279.0	44.5	306.4	48.4
Long Portfolio	627.0	100.0%	633.6	100.0%
Short Portfolio	(2.5)	(0.4)	(13.0)	(2.1)
Gross Assets	\$624.5m		\$620.6m*	
Total shares on issue	345,405,201		345,405,201	

*This is after payment of \$7.8mil (2.3 cents) in tax during the month.

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	14,954,646	2.4%
CYA	Century Australia Investments Limited	14,104,113	2.3%
SGH	Slater & Gordon Limited	12,169,530	2.0%
ASB	Austal Limited	10,027,984	1.6%
CSV	CSG Limited	9,919,017	1.6%
MTR	Mantra Group Limited	8,661,474	1.4%
ALU	Altium Limited	8,463,282	1.4%
CTD	Corporate Travel Management Limited	8,037,959	1.3%
IPH	IPH Limited	8,030,393	1.3%
RFG	Retail Food Group Limited	7,974,847	1.3%
SRX	Sirtex Medical Limited	7,483,949	1.2%
AHD	Amalgamated Holdings Limited	7,166,106	1.2%
CCP	Credit Corp Group Limited	7,153,447	1.2%
MPL	Medibank Private Limited	6,715,619	1.1%
MMS	McMillan Shakespeare Limited	6,604,845	1.1%
ISU	iSelect Limited	6,577,389	1.1%
ENE	Energy Developments Limited	6,556,874	1.1%
IFM	Infomedia Limited	6,521,021	1.1%
VED	Veda Group Limited	6,510,713	1.0%
NVT	Navitas Limited	6,498,336	1.0%

Sector allocation



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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

