



WAM CAPITAL LTD (WAM)
ABN 34 086 587 395
INVESTMENT UPDATE & NTA – FEBRUARY 2012

WAM Capital Limited (WAM) is an investor in listed Australian equities. The investment objectives are to deliver a rising stream of fully franked dividends, to provide capital growth and to preserve capital. WAM concentrates on identifying undervalued growth companies; these are generally found in the small to medium industrial sector.

Since inception in August 1999 WAM has outperformed the overall sharemarket. WAM's investment portfolio (before all fees, costs, taxes and dividends) has increased by 701.4% compared to a 147.7% increase in the S&P/ASX All Ordinaries Accumulation Index.

Performance as at 29 February 2012	1 Mth %	6 Mths %	Fin Ytd %	1 Year %	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio	+4.4%	+5.3%	+3.7%	+1.0%	+22.6%	+6.0%	+13.8%	+18.0%
S&P/ASX All Ordinaries Accumulation Index	+2.4%	+2.9%	-2.6%	-6.7%	+14.8%	-1.4%	+7.1%	+7.5%
Outperformance	+2.0%	+2.4%	+6.3%	+7.7%	+7.8%	+7.4%	+6.7%	+10.5%

The shares traded ex dividend on 9 March 2012. The NTA numbers below are ex the 5.5 cent per share fully franked interim dividend which is due to be paid on 23 March 2012.

NTA before tax	159.81c
NTA after tax and before tax on unrealised gains	160.27c*
NTA after tax	155.43c**

*Includes tax assets of 0.46 cents per share

**Includes the net effect of 0.46 cents of tax assets and 4.84 cents of deferred tax liabilities

Market Outlook

February continued the positive start to the year for equity markets with the S&P/ASX All Ordinaries Accumulation Index up 2.4%. Results season completed and was generally in line with analysts' downgraded expectations. Outside of the resources sector, forecasts for growth remains subdued for the second half of this financial year. We expect analysts' forecasts will need to be downgraded in the coming months as we move into FY13.

The Reserve Bank of Australia (RBA) kept interest rates on hold this month and appear to be on hold for the time being. Interest rates remain at long term average levels with inflation and unemployment under control. We expect further interest rate cuts towards the second half of 2012. With the major Australian banks moving independently of the RBA for the first time, the future impacts of rate cuts on the broader economy are less certain.

The US economy continues to show small but positive signs of a gradual economic recovery. During the month a second bailout for Greece was agreed and the ECB conducted its second major lending programme to European commercial banks with roughly €530bn lent. Even though the European debt crisis has been steadily improving over the past few months, to say the crisis is over would be a bridge too far at this stage.

We remain cautiously optimistic on the outlook for equity markets in 2012. We continue to research heavily for future investment opportunities.

Dividends

On 1 February 2012, the Board announced an interim dividend of 5.5 cents per share fully franked to be paid on 23 March 2012. The shares traded ex dividend on 9 March 2012. This is a 10% increase on the prior year's interim dividend.

The dividend reinvestment plan will operate with a 2.5% discount. The current share price (\$1.595 being closing price 12 March 2012) is trading at 0.2% discount to the 29 February 2012 pre-tax NTA. To participate in the dividend reinvestment plan, please send your election to our share registrar no later than 16 March 2012.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient franking credits and it is within prudent business practices. It must also comply with Government legislation and the ATO's interpretation of a company's ability to pay franked dividends. Dividends are paid on a six-monthly basis.

Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits. Essentially, WAM Capital will always be in a position to pay dividends providing it is solvent.

Portfolio Structure

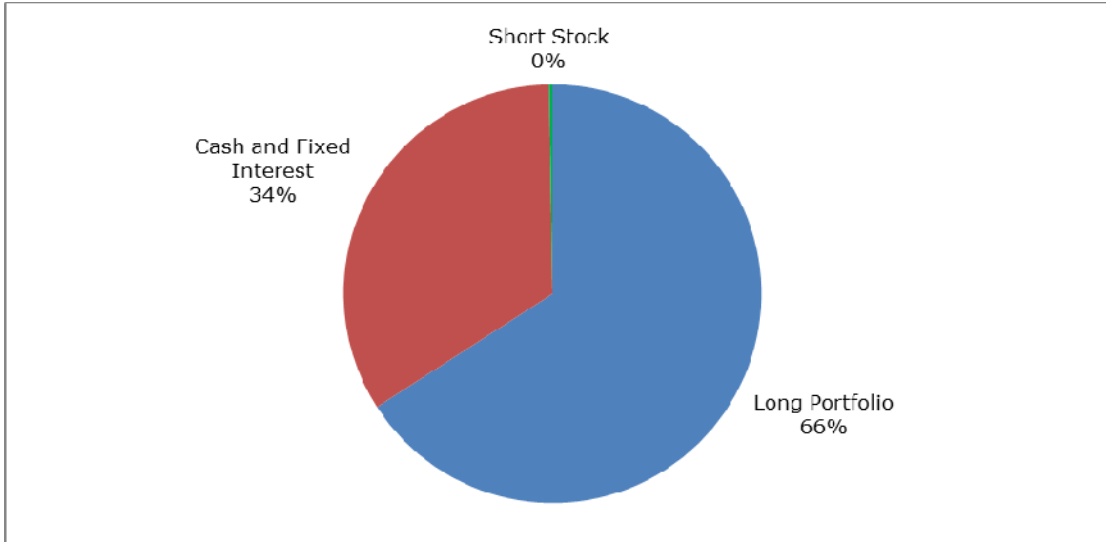
As at 29 February 2012, listed securities made up 66.1% of the portfolio, while fixed interest and cash made up the remaining 33.9%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, are well positioned in growth industries and have proven management. We continue to research heavily in an attempt to identify companies that meet this profile, with over 750 company visits a year.

Investment Type	As at 31 January 2012		As at 29 February 2012	
	\$m	%	\$m	%
Listed Equities	97.3	57.2%	117.3	66.1%
Fixed Interest and Cash	72.8	42.8%	60.2	33.9%
Long Portfolio	170.1	100.0%	177.5	100.0%
Short Portfolio	(0.5)		(0.4)	
Total Fund Size	\$169.6m		\$177.1m	
	No.		No.	
Total ordinary shares on issue	105,899,497		105,899,497	

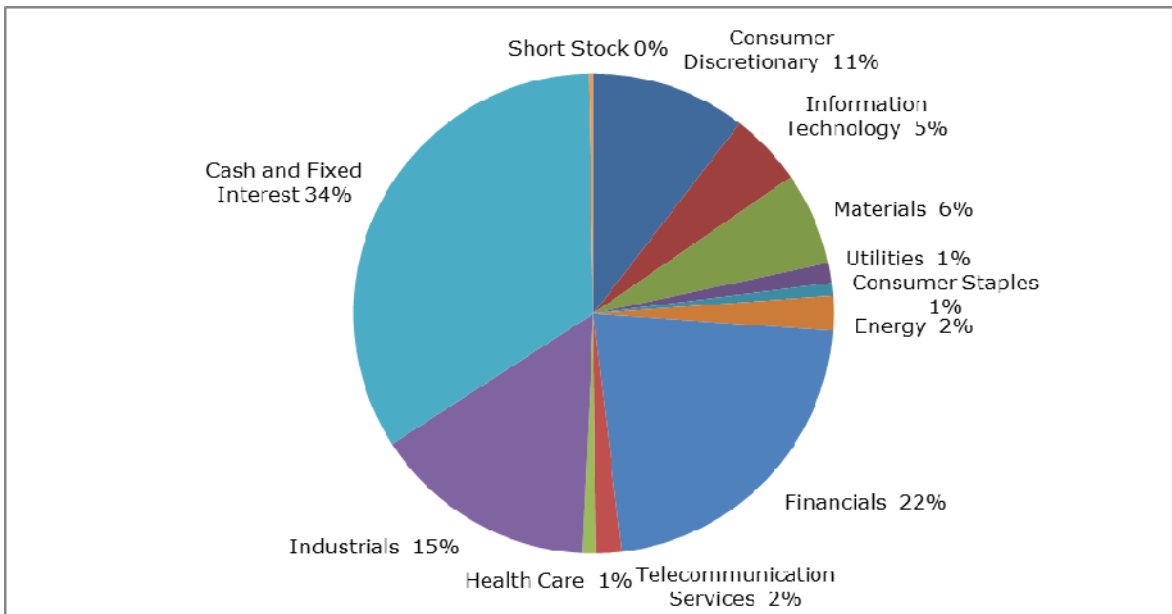
At 29 February 2012 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
RKN	Reckon Limited	5,270,202	3.0%
ELI	Emerging Leaders Investments Limited	4,321,209	2.4%
BRG	Breville Group Limited	3,554,523	2.0%
MMS	McMillan Shakespeare Limited	2,918,762	1.6%
MYS	Mystate Limited	2,867,165	1.6%
CCQ	Contango Capital Partners Limited	2,722,865	1.5%
COF	Coffey International Limited	2,591,055	1.5%
CBAPB	CBA Perpetual Exc Resale Listed Sec - PERLS IV	2,478,420	1.4%
RHG	RHG Limited	2,274,167	1.3%
ILF	ING Real Estate Community Living Group	2,054,626	1.2%
AMM	Amcom Telecommunications Limited	1,938,432	1.1%
CTN	Contango Microcap Limited	1,929,576	1.1%
BSL	Bluescope Steel Limited	1,911,420	1.1%
VAH	Virgin Australia Holdings Limited	1,908,383	1.1%
SDG	Sunland Group Limited	1,856,508	1.0%
AAX	Ausenco Limited	1,833,724	1.0%
BHP	BHP Billiton Limited	1,816,552	1.0%
SWM	Seven West Media Limited	1,814,973	1.0%
EGP	Echo Entertainment Group Limited	1,797,830	1.0%
BLD	Boral Limited	1,473,324	1.0%

Portfolio Structure – Gross Asset Allocation



Portfolio Structure – Sector Allocation



Performance

Set out below is the performance of WAM since listing to 29 February 2012 on a financial year basis. The performance data is before all expenses, fees and taxes and is used as a guide to how the Company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

Financial Year	Gross Portfolio	S&P/ASX All Ordinaries 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%
2007/2008	-23.0%	-12.1%	-10.9%
2008/2009	-3.2%	-22.2%	+19.0%
2009/2010	+29.8%	+13.8%	+16.0%
2010/2011	+17.9%	+12.2%	+5.7%
YTD 2011/2012	+3.7%	-2.6%	+6.3%

Monthly Performance Table

	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00	Apr 00
WAM Capital *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%	+5.4%	+5.3%	-5.7%
All Ordinaries Accum.	-2.5%	-1.2%	+0.5%	+5.4%	+5.6%	-0.7%	+1.9%	+0.5%	-1.5%
	May 00	Jun 00	Jul 00	Aug 00	Sep 00	Oct 00	Nov 00	Dec 00	Jan 01
WAM Capital *	-2.9%	+3.6%	+2.9%	+5.2%	-0.7%	+2.5%	+1.9%	+0.1%	+1.7%
All Ordinaries Accum.	-1.3%	+7.7%	-1.3%	+1.7%	+0.2%	-1.1%	+1.1%	-2.0%	+4.4%
	Feb 01	Mar 01	Apr 01	May 01	Jun 01	July 01	Aug 01	Sep 01	Oct 01
WAM Capital *	-0.2%	-3.7%	+3.9%	+6.7%	+6.9%	-1.0%	+4.6%	-2.9%	+8.6%
All Ordinaries Accum.	-0.2%	-4.8%	+5.7%	+1.6%	+3.8%	-4.5%	-1.3%	-6.7%	+6.8%
	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02	Jul 02
WAM Capital *	+3.8%	+3.3%	+7.0%	+3.1%	+4.9%	-0.4%	+0.7%	-2.2%	-3.0%
All Ordinaries Accum.	+3.4%	+2.7%	+1.3%	-1.1%	+0.8%	-1.8%	+0.9%	-4.4%	-4.1%
	Aug 02	Sep 02	Oct 02	Nov 02	Dec 02	Jan 03	Feb 03	Mar 03	Apr 03
WAM Capital *	+3.9%	-1.1%	+1.1%	+1.6%	+1.5%	+1.3%	-1.7%	-0.4%	+3.8%
All Ordinaries Accum.	+1.8%	-4.1%	+2.6%	+1.5%	-1.5%	-1.3%	-5.1%	+3.4%	+4.4%
	May 03	Jun 03	Jul 03	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04
WAM Capital *	+1.5%	+3.5%	+3.6%	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%
All Ordinaries Accum.	+0.5%	+1.3%	+3.6%	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%
	Feb 04	Mar 04	Apr 04	May 04	Jun 04	Jul 04	Aug 04	Sep 04	Oct 04
WAM Capital *	+2.7%	+0.1%	-1.3%	-0.8%	+1.0%	+2.4%	+1.2%	+2.5%	+2.9%
All Ordinaries Accum.	+3.1%	+2.0%	-0.1%	+1.6%	+2.7%	+0.6%	+1.1%	+3.8%	+3.1%
	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
WAM Capital *	+3.3%	+0.7%	+2.7%	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+4.6%	+3.0%	+1.3%	+1.8%	-0.7%	-3.8%	+3.4%	+4.5%	+2.8%
	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06
WAM Capital *	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%	+4.9%	+5.3%	+2.1%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%	+0.7%	+4.8%	+2.4%
	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07
WAM Capital *	-2.3%	+0.5%	+0.4%	+3.4%	+2.4%	+4.7%	+3.6%	+6.1%	+3.8%
All Ordinaries Accum.	-4.3%	+1.9%	-1.5%	+3.2%	+1.3%	+4.8%	+2.5%	+3.6%	+2.0%
	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07
WAM Capital *	+0.4%	+1.9%	+2.6%	+4.7%	+3.3%	+0.3%	-4.2%	+1.7%	+3.1%
All Ordinaries Accum.	+1.6%	+3.3%	+3.0%	+3.2%	-0.1%	-1.9%	+1.7%	+5.8%	+3.1%
	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
WAM Capital *	-4.8%	-1.1%	-9.5%	-1.3%	-5.3%	+1.7%	+2.3%	-7.9%	-1.6%
All Ordinaries Accum.	-2.4%	-2.4%	-11.2%	+0.3%	-4.1%	+4.6%	+2.4%	-7.3%	-5.2%
	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09
WAM Capital *	+1.7%	-5.3%	-9.2%	-5.6%	+3.1%	-1.5%	+1.1%	+2.6%	+5.2%
All Ordinaries Accum.	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%	+8.1%	+6.1%
	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10
WAM Capital *	+3.6%	+3.9%	+8.2%	+7.6%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4%
All Ordinaries Accum.	+2.2%	+3.9%	+7.7%	+6.5%	+6.1%	-1.9%	+1.9%	+3.7%	-5.9%
	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sept 10	Oct 10
WAM Capital *	-0.5%	+3.7%	+0.8%	-2.4%	+0.7%	+2.5%	+1.5%	+4.4%	+1.4%
All Ordinaries Accum.	+1.8%	+5.8%	-1.2%	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%
	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11
WAM Capital *	+2.3%	+3.7%	+1.4%	+2.1%	+0.1%	+1.2%	-1.4%	-2.4%	+0.2%
All Ordinaries Accum.	-0.7%	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%	-1.9%	-2.4%	-3.4%
	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Since inception
WAM Capital *	-1.8%	-0.8%	+2.6%	-1.3%	-1.2%	+1.6%	+4.4%		+701.4%
All Ordinaries Accum.	-2.0%	-6.3%	+7.2%	-3.4%	-1.6%	+5.2%	+2.4%		+147.7%

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

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