

Investment Update & Net Tangible Assets Report

AS AT 31 JANUARY 2015



Performance

Performance at 31 January 2015	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	0.3%	4.4%	6.7%	11.4%	17.9%	14.4%	12.8%	17.7%
S&P/ASX All Ordinaries Accumulation Index	3.0%	0.8%	5.4%	11.3%	13.5%	8.4%	7.5%	8.5%
Outperformance	-2.7%	+3.6%	+1.3%	+0.1%	+4.4%	+6.0%	+5.3%	+9.2%

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

Net Tangible Assets (NTA) figures

NTA before tax	177.82c*
NTA after tax and before tax on unrealised gains	176.13c**
NTA after tax	179.68c**

* This figure is after the payment of 0.9 cents in tax during the month.

** Includes 2.1 cents of tax assets resulting from the merger with Premium Investors.

Market overview

The Australian equity market closed up 3.0% this month, after rallying 5.2% in the last two weeks of January. This was mainly driven by the European Central Bank's announcement of further stimulus. The quantitative easing programme will see the ECB buy over €1 trillion of government bonds until September 2016, an announcement that came at the top end of market expectations.

Locally, the CPI figure announced 28 January was weaker than expected, which contributed to the Reserve Bank of Australia's decision to reduce the cash rate to 2.25% in February. As expected, this has been positive for equity markets where at the time of writing the market has rallied 12% since mid December.

As we enter into corporate earnings season, we will be meeting with over 100 companies to get a updated understanding of their businesses and the broad economic conditions, which will help shape our decision making for the year ahead. We expect to see the positive impact of the looser monetary policy on company earnings and the wider economy in the later part of 2015. 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	\$619.4m
Market cap	\$694.3m
Share price	\$2.01
NTA before tax	\$1.78
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

James McNamara

Communications Manager

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Diversified portfolio

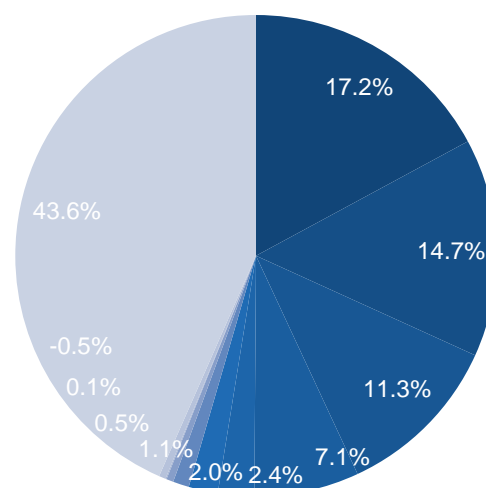
Investment Type	December 2014		January 2015	
	\$m	%	\$m	%
Listed Equities	327.2	51.6	350.9	56.4
Fixed Interest & Cash	306.4	48.4	271.3	43.6
Long Portfolio	633.6	100.0%	622.2	100.0%
Short Portfolio	(13.0)	(2.1)	(2.8)	(0.5)
Gross Assets	\$620.6m		\$619.4m*	
Total shares on issue	345,405,201		345,405,201	

* This is after payment of \$3.2mil (0.9 cents) in tax during the month.

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
CYA	Century Australia Investments Limited	14,262,586	2.3%
HHV	Hunter Hall Global Value Limited	14,253,939	2.3%
ASB	Austal Limited	10,263,099	1.7%
CSV	CSG Limited	10,002,370	1.6%
SGH	Slater & Gordon Limited	9,988,532	1.6%
JBH	JB Hi Fi Limited	9,566,059	1.5%
CMG	Chandler Macleod Group Limited	8,908,801	1.4%
CCP	Credit Corp Group Limited	8,566,565	1.4%
IPH	IPH Limited	8,551,560	1.4%
RFG	Retail Food Group Limited	8,542,501	1.4%
MTR	Mantra Group Limited	8,203,135	1.3%
AHD	Amalgamated Holdings Limited	8,099,418	1.3%
CTD	Corporate Travel Management Limited	7,997,832	1.3%
MMS	McMillan Shakespeare Limited	7,220,126	1.2%
IFL	IOOF Holdings Limited	6,875,766	1.1%
NVT	Navitas Limited	6,869,304	1.1%
ALL	Aristocrat Leisure Limited	6,770,285	1.1%
QAN	Qantas Airways Limited	6,688,386	1.1%
TLS	Telstra Corporation Limited	6,662,760	1.1%
ENE	Energy Developments Limited	6,617,586	1.1%

Sector allocation



- Financials: 17.2%
- Consumer Discretionary: 14.7%
- Industrials: 11.3%
- Information Technology: 7.1%
- Telecommunication Services: 2.4%
- Health Care: 2.0%
- Utilities: 1.1%
- Consumer Staples: 0.5%
- Materials: 0.1%
- Short Stock: -0.5%
- Cash and Fixed Interest: 43.6%

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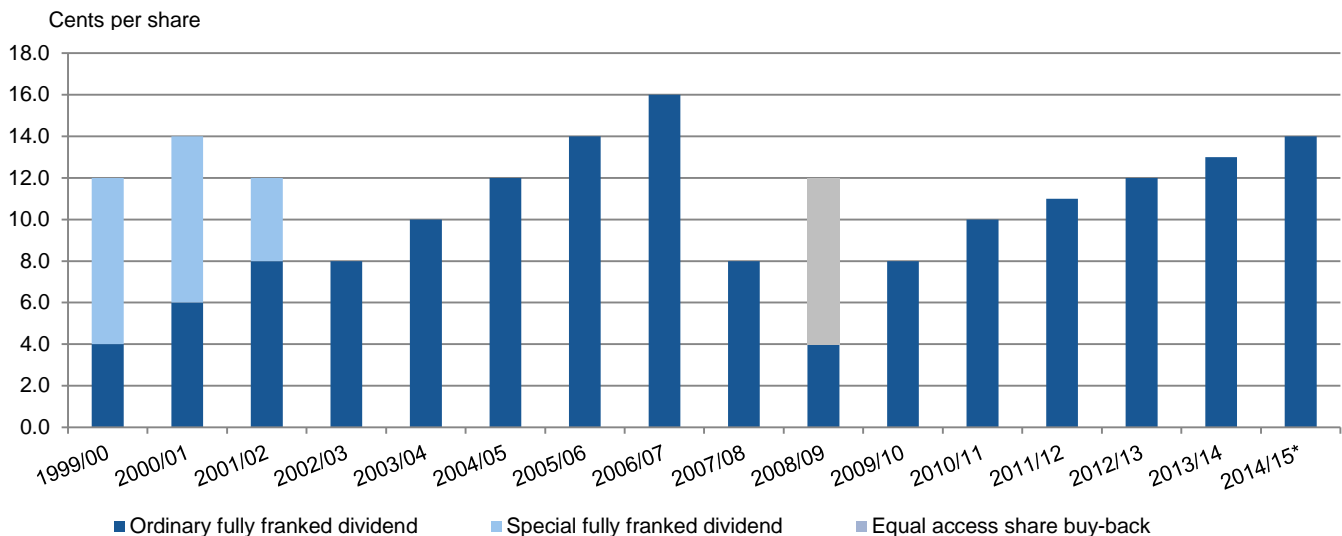
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Dividend growth

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



*Annualised interim dividend

FY2015 Interim Dividend and Share Purchase Plan

On 12 January 2015, the Board of Directors of WAM Capital Limited (WAM) announced a fully franked interim dividend of 7.0 cents per share, an increase of 7.7% on the previous corresponding period. The record date for this interim dividend is 22 April 2015. The interim dividend will be paid on 30 April 2015 and shares will trade ex dividend on 20 April 2015.

The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the interim dividend. To participate in the DRP, shareholders should send their DRP Election Form to the Company's share registrar (Boardroom) no later than 23 April 2015.

The Company also announced a Share Purchase Plan (SPP) seeking to raise up to \$100 million. The SPP will be offered to existing shareholders at the fixed price of \$1.90 per share. Shareholders who participate in the SPP offer will be entitled to the 7.0 cent fully franked interim dividend on shares issued under the SPP.

Shareholders on the WAM register as at 7.00pm (AEST) on Friday, 9 January 2015 (being the Record date for the SPP) with a registered address in Australia or New Zealand will be entitled to participate in the SPP. The SPP offer will close on 5 March 2015.