



WAM CAPITAL LIMITED (WAM)
ABN 34 086 587 395
INVESTMENT UPDATE & NTA – JANUARY 2010

WAM Capital Limited (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.

Since inception in August 1999 WAM has outperformed the overall sharemarket. WAM's portfolio (before all fees, costs, taxes and dividends) has increased by 542.13% compared to a 136.56% increase in the S&P/ASX All Ordinaries Accumulation Index.

- In January WAM's gross portfolio (before all fees, costs and taxes) decreased by 2.35%, while the S&P/ASX All Ordinaries Accumulation Index fell by 5.85%.
- The gross portfolio has increased by 49.21% for the 12 months to 31 January 2010, while the S&P/ASX All Ordinaries Accumulation Index has increased by 38.25%.

NTA before tax	158.39c
NTA after tax and before tax on unrealised gains	162.03c*
NTA after tax	155.66c**

* Includes tax assets of 3.64 cents per share.

** This includes the net effect of 3.64 cents of tax assets and 6.37 cents of deferred tax liabilities.

The above numbers are before the payment of a fully franked dividend of 4.0 cents per share payable 25 February 2010.

MARKET OUTLOOK

Investors received a sharp reminder that share markets do not go up in a straight line in January when the benchmark S&P/ASX All Ordinaries Accumulation Index slumped 5.85 per cent. The major contributor to the sudden sell off was the volatile mining sector with the All Resources Index diving more than 9 per cent for the period. The reason behind the rapid decline in commodity stocks was primarily news that the Chinese government had taken the first steps to temper economic growth after an above average period. China has a major impact on commodity prices and the prospects of a slower rate of growth in the world's most populace nation triggered a selloff in resources stocks. We would expect the change in direction from the Chinese government could play out over six months.

In the broader market, the S&P/ASX All Ordinaries index has effectively not moved higher since last August. This seems strange given the strong rebound in the economy and the positive earnings growth companies are currently experiencing. However, markets are predictive and attempt to forecast how the climate will be in 12 to 24 months. This was the case in 2009 when share prices rocketed higher in anticipation of an earnings rebound in 2011. What has become apparent in more recent times is that the economic recovery is stronger and sooner than almost anyone expected. This has resulted in the Reserve Bank of Australia raising official interest rates ahead of most forecasts. Investors do not like rising interest rates because they have the impact of slowing company earnings into the future. Therefore, we believe the market has entered a period of sideways to downwards movement that is likely to be in place deep into calendar year 2010 and possibly early 2011.

DIVIDENDS

A fully franked dividend of 4.0 cents per share has been paid in the period to 31 December 2009 and an interim fully franked dividend of 4.0 cents per share has been declared by the Board and will be paid on 25 February 2010.

The Boards policy is to pay a growing stream of fully franked dividends to shareholders on a six-monthly basis. This policy is dependent on the profitability, retained earnings and availability of franking credits of the Company.

PERFORMANCE

Set out below is the performance of WAM Capital Limited since listing to 31 January 2010:

Annualised performance	Gross Portfolio*	S&P/ASX All Ords. Accumulation Index	Outperformance
1 year	+49.2%	+38.3%	+10.9%
3 years	+2.5%	-3.2%	+5.7%
5 years	+11.1%	+6.7%	+4.4%
7 years	+15.2%	+11.1%	+4.1%
Since inception	+19.4%	+8.5%	+10.9%

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

Set out below is the performance of WAM Capital Limited since listing to 31 January 2010:

	Gross Portfolio*	S&P/ASX All Ords. 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	-3.0%	-22.2%	+19.2%
YTD 2009/2010	+27.1%	+18.7%	+8.4%

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

PORTFOLIO STRUCTURE & STRATEGY

As at 31 January 2010, listed securities made up 69.3% of the portfolio, while fixed interest and cash made up the remaining 30.7%. 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 heavily research companies that meet this profile, with over 700 company visits during the last year.

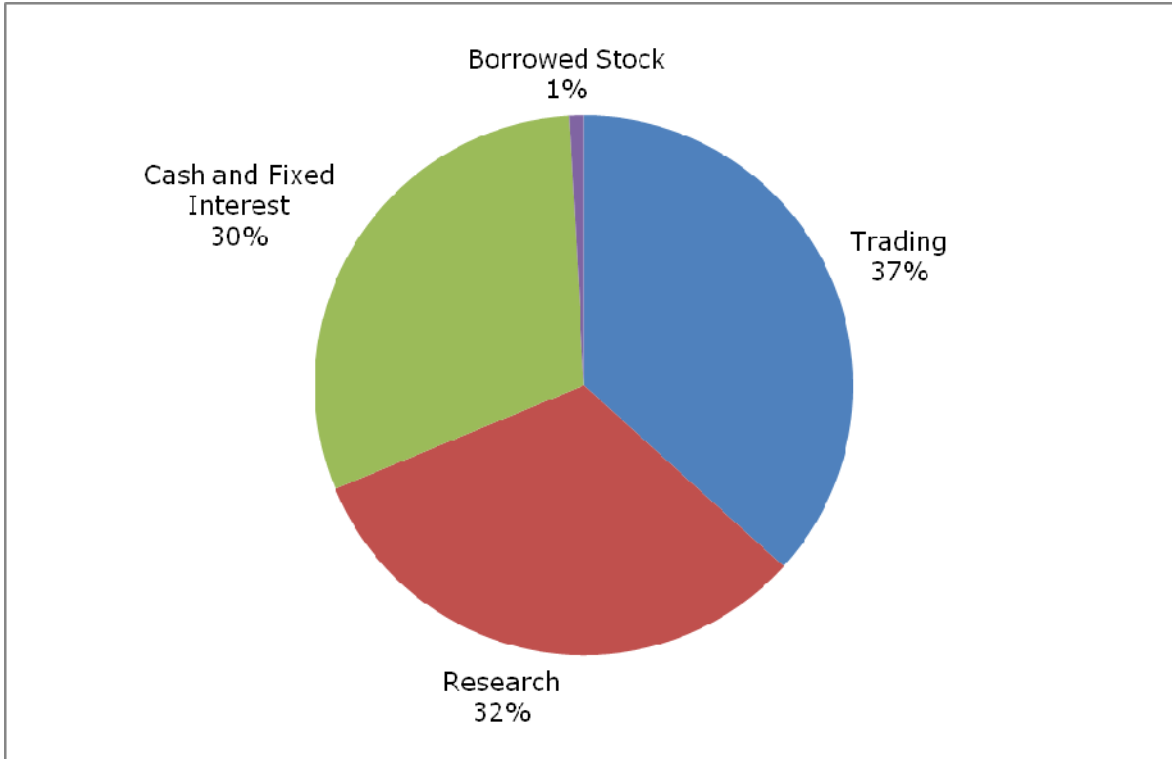
	As at 31 December 2009		As at 31 January 2010	
Investment Type	\$m	%	\$m	%
Listed Equities	109.72	63.29%	116.74	69.35%
Fixed Interest and Cash	63.64	36.71%	51.60	30.65%
Long Portfolio	173.36	100.0%	168.34	100.0%
Short Portfolio	(2.45)		(1.50)	
	No.		No.	
Total no. of ord shares on issue	103,367,063		103,367,063	

PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)

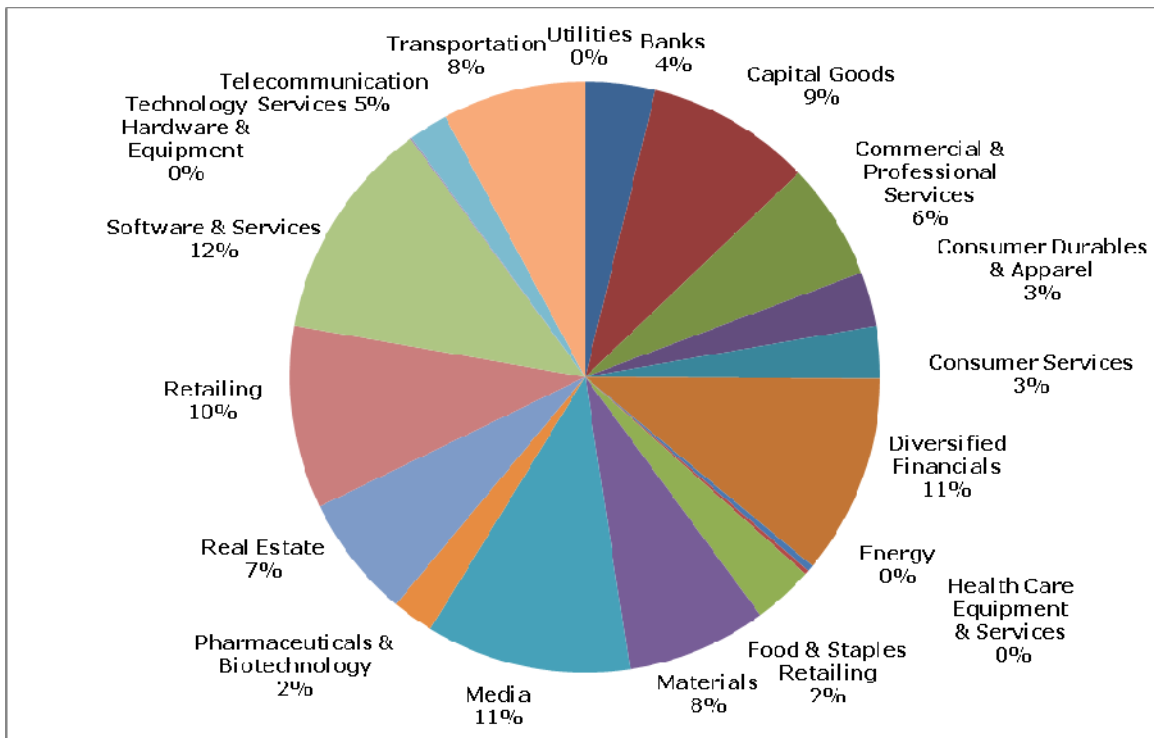
At 31 January 2010 the major securities held in the portfolio were:

CODE	COMPANY	MARKET VALUE \$	MARKET VALUE as % of Long Portfolio	MARKET VALUE as % of Gross Assets
RKN	Reckon Limited	8,753,532	7.5%	5.2%
MCP	McPherson's Limited	3,388,392	2.9%	2.0%
REA	REA Group Limited	2,989,069	2.6%	1.8%
ORL	OrotonGroup Limited	2,951,085	2.5%	1.8%
AHE	Automotive Holdings Group Limited	2,825,917	2.4%	1.7%
MMS	McMillan Shakespeare Limited	2,662,440	2.3%	1.6%
FBU	Fletcher Building Limited	2,361,112	2.0%	1.4%
MCU	Mitchell Communications Group Limited	2,344,390	2.0%	1.4%
TGA	Thorn Group Limited	2,273,723	2.0%	1.4%
QAN	Qantas Airways Limited	2,239,056	1.9%	1.3%
VBA	Virgin Blue Holdings Limited	2,207,981	1.9%	1.3%
TOL	Toll Holdings Limited	2,197,300	1.9%	1.3%
TEN	Ten Network Holdings Limited	2,129,045	1.8%	1.3%
WES	Wesfarmers Limited	2,068,477	1.8%	1.2%
BLY	Boart Longyear Limited	1,956,400	1.7%	1.2%
FXL	Flexigroup Limited	1,944,635	1.7%	1.2%
RHG	RHG Limited	1,925,294	1.7%	1.2%
RCG	RCG Corporation Limited	1,901,889	1.6%	1.1%
NVT	Navitas Limited	1,886,680	1.6%	1.1%
MYS	Mystate Limited	1,877,823	1.6%	1.1%
COF	Coffey International Limited	1,855,105	1.6%	1.1%
PBP	Probiotec Limited	1,854,207	1.6%	1.1%
CIW	Clime Investment Limited	1,846,246	1.6%	1.1%
WDC	Westfield Group	1,845,440	1.6%	1.1%
MTS	Metcash Limited	1,768,425	1.5%	1.1%
WTP	Watpac Limited	1,669,140	1.4%	1.0%
MOF	Macquarie Office Trust	1,615,125	1.4%	1.0%
BOL	Boom Logistics Limited	1,596,153	1.4%	1.0%
FXJ	Fairfax Media Limited	1,515,480	1.3%	0.9%
TWO	Talent2 International Limited	1,514,169	1.3%	0.9%
ITO	Intoll Group	1,507,815	1.3%	0.9%
TSM	Thinksmart Limited	1,485,440	1.3%	0.9%
SKT	Sky Network Television Limited	1,452,425	1.2%	0.9%

PORTFOLIO STRUCTURE – GROSS ASSET ALLOCATION



LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION



PERFORMANCE TABLE

	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00
Gross Portfolio *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%	+5.4%	+5.3%
All Ordinaries Accum.	-2.5%	-1.2%	+0.5%	+5.4%	+5.6%	-0.7%	+1.9%	+0.5%
	Apr 00	May 00	Jun 00	Jul 00	Aug 00	Sep 00	Oct 00	Nov 00
Gross Portfolio *	-5.7%	-2.9%	+3.6%	+2.9%	+5.2%	-0.7%	+2.5%	+1.9%
All Ordinaries Accum.	-1.5%	-1.3%	+7.7%	-1.3%	+1.7%	+0.2%	-1.1%	+1.1%
	Dec 00	Jan 01	Feb 01	Mar 01	Apr 01	May 01	Jun 01	July 01
Gross Portfolio *	+0.1%	+1.7%	-0.2%	-3.7%	+3.9%	+6.7%	+6.9%	-1.0%
All Ordinaries Accum.	-2.0%	+4.4%	-0.2%	-4.8%	+5.7%	+1.6%	+3.8%	-4.5%
	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02
Gross Portfolio *	+4.6%	-2.9%	+8.6%	+3.8%	+3.3%	+7.0%	+3.1%	+4.9%
All Ordinaries Accum.	-1.3%	-6.7%	+6.8%	+3.4%	+2.7%	+1.3%	-1.1%	+0.8%
	Apr 02	May 02	Jun 02	Jul 02	Aug 02	Sep 02	Oct 02	Nov 02
Gross Portfolio *	-0.4%	+0.7%	-2.2%	-3.0%	+3.9%	-1.1%	+1.1%	+1.6%
All Ordinaries Accum.	-1.8%	+0.9%	-4.4%	-4.1%	+1.8%	-4.1%	+2.6%	+1.5%
	Dec 02	Jan 03	Feb 03	Mar 03	Apr 03	May 03	Jun 03	Jul 03
Gross Portfolio *	+1.5%	+1.3%	-1.7%	-0.4%	+3.8%	+1.5%	+3.5%	+3.6%
All Ordinaries Accum.	-1.5%	-1.3%	-5.1%	+3.4%	+4.4%	+0.5%	+1.3%	+3.6%
	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04
Gross Portfolio *	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%	+2.7%	+0.1%
All Ordinaries Accum.	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%	+3.1%	+2.0%
	Apr 04	May 04	Jun 04	Jul 04	Aug 04	Sep 04	Oct 04	Nov 04
Gross Portfolio *	-1.3%	-0.8%	+1.0%	+2.4%	+1.2%	+2.5%	+2.9%	+3.3%
All Ordinaries Accum.	-0.1%	+1.6%	+2.7%	+0.6%	+1.1%	+3.8%	+3.1%	+4.6%
	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
Gross Portfolio *	+0.7%	+2.7%	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+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
Gross Portfolio *	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%	+4.9%	+5.3%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%	+0.7%	+4.8%
	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06
Gross Portfolio *	+2.1%	-2.3%	+0.5%	+0.4%	+3.4%	+2.4%	+4.7%	+3.6%
All Ordinaries Accum.	+2.4%	-4.3%	+1.9%	-1.5%	+3.2%	+1.3%	+4.8%	+2.5%
	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07
Gross Portfolio *	+6.1%	+3.8%	+0.4%	+1.9%	+2.6%	+4.7%	+3.3%	+0.3%
All Ordinaries Accum.	+3.6%	+2.0%	+1.6%	+3.3%	+3.0%	+3.2%	-0.1%	-1.9%
	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08
Gross Portfolio *	-4.2%	+1.7%	+3.1%	-4.8%	-1.1%	-9.5%	-1.3%	-5.3%
All Ordinaries Accum.	+1.7%	+5.8%	+3.1%	-2.4%	-2.4%	-11.2%	+0.3%	-4.1%
	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08
Gross Portfolio *	+1.7%	+2.3%	-7.9%	-1.6%	+1.7%	-5.3%	-9.2%	-5.6%
All Ordinaries Accum.	+4.6%	+2.4%	-7.3%	-5.2%	+4.0%	-10.6%	-13.9%	-7.2%
	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09
Gross Portfolio *	+3.1%	-1.5%	+1.1%	+2.6%	+5.2%	+3.6%	+4.1%	+8.2%
All Ordinaries Accum.	-0.1%	-4.9%	-4.3%	+8.1%	+6.1%	+2.2%	+3.9%	+7.7%
	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10		Since Inception
Gross Portfolio *	+7.6%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4%		+542.1%
All Ordinaries Accum.	+6.5%	+6.1%	-1.9%	+1.9%	+3.7%	-5.9%		+136.6%

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

For further information please contact Mr Geoff Wilson or Mr Matthew Kidman on (02) 9247 6755