



WAM CAPITAL LTD (WAM)
ABN 34 086 587 395
INVESTMENT UPDATE & NTA – SEPTEMBER 2010

WAM Capital Limited (WAM) is an investor in listed Australian equities. Its objectives are to deliver a rising stream of fully franked dividends, to provide capital growth and to preserve capital. WAM concentrates mostly on small to medium industrial companies and delivers strong risk adjusted returns to the investor. WAM is managed by Wilson Asset Management (International) Pty Ltd.

Since inception in August 1999 WAM has outperformed the overall share market. WAM's portfolio (before all fees, costs, taxes and dividends) has increased by 612.5% compared to a 146.5% increase in the S&P/ASX All Ordinaries Accumulation Index.

- In September WAM's gross portfolio (before all fees, costs and taxes) rose by 4.4%, while the S&P/ASX All Ordinaries Accumulation Index increased by 5.0%.
- WAM's gross portfolio (before all fees, costs and taxes) has increased by 13.3% for the 12 months to 30 September 2010, while the S&P/ASX All Ordinaries Accumulation Index has increased by 1.7%.

The below numbers are after the payment of a fully franked final dividend of 4.0 cents per share paid on the 17 September 2010.

NTA before tax	163.75c
NTA after tax and before tax on unrealised gains	164.54c*
NTA after tax	158.11c**

* Includes tax assets of 0.8 cents per share.

** This includes the net effect of 0.8 cents of tax assets and 6.4 cents of deferred tax liabilities.

MARKET OUTLOOK

For reasons that are difficult to explain September is traditionally the poorest performing month for equities in Australia. In 2010 the local share market bucked the trend and powered higher, led by a rampant resources sector. The benchmark All Ordinaries Accumulation Index rose by 5 per cent for the month, while the Small Resources Index posted a 14 per cent gain. The inspiration for the rise was the surge in the US market where the benchmark S&P 500 Index rose an impressive 9 per cent for the month. The US market was buoyed by marginally improved economic data that indicated the world's largest economy was not about to fall into a second recession in only 3 years. Investors in the US were also encouraged by comments from the US Federal Reserve that indicated it would continue to support the economy at all costs to ensure growth. While this is commonly referred to as printing money it resulted in

MARKET OUTLOOK (continued)

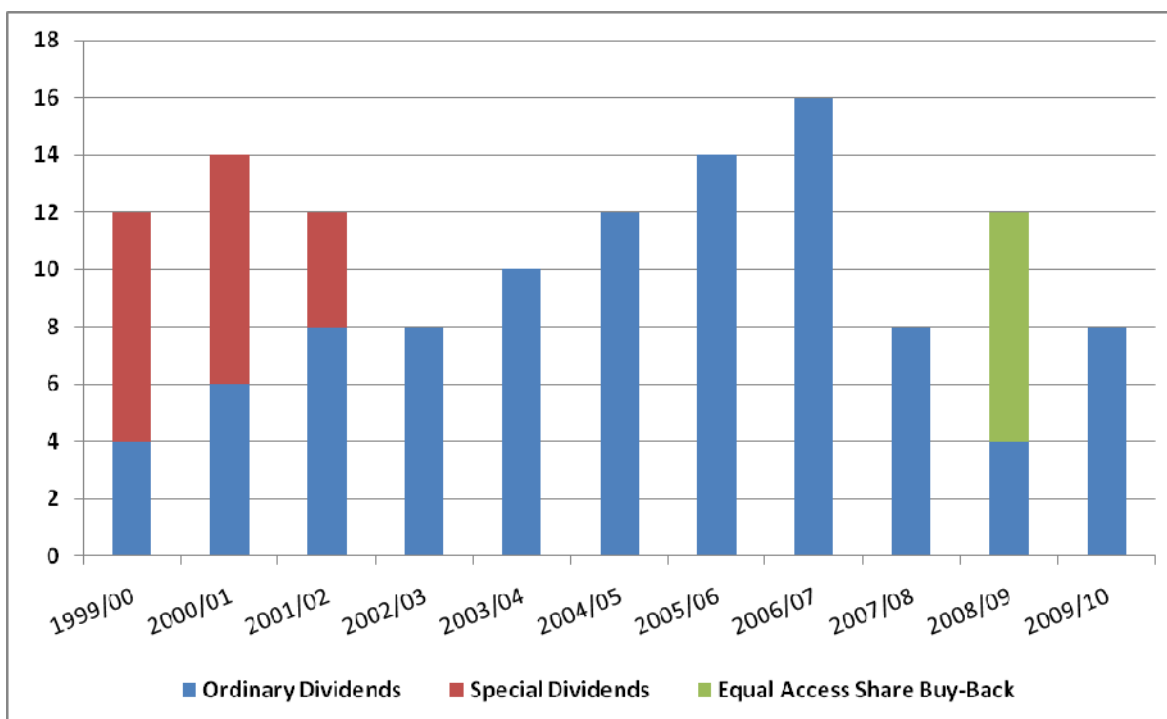
investors increasing their risk appetite, with strong moves in gold, oil, base metals and tech stocks around the globe. This move by investors is likely to continue in the short term, resulting in the current share market rally being prolonged. Despite this we remain cautious and are not convinced loose monetary policy can cure the world's ills of excessive debt. Only time will tell.

In the meantime we have looked to take advantage of market opportunities that have presented themselves, in particular takeover and capital raisings. Company valuations are no longer as compelling as at the start of the financial year, but opportunities to make longer term investments remain on a selective basis.

DIVIDENDS

On 17 September 2010 the company paid a fully franked final dividend of 4.0 cents per share. This brought the FY2010 dividend to 8.0 cents per share fully franked.

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. Dividends are paid on a six-monthly basis. Recently introduced government legislation now enables companies to pay dividends if the company is deemed solvent. Dividend payments will not be reliant on reported profit and retained earnings as it was previously. Rather it will be 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.



PERFORMANCE

Set out below is the performance of WAM since listing to 30 September 2010. The performance data excludes all expenses, fees and taxes and is used as a guide to how the company has performed against the S&P/ASX All Ordinaries Accumulation Index which before tax and expenses.

Annualised Performance	1 Year	3 Year	5 Year	10 Year	Since Inception (Aug-99)
WAM Capital Limited*	+13.3%	+2.5%	+12.1%	+17.4%	+19.2%
S&P/ASX All Ords Accum	+1.7%	-7.1%	+4.5%	+7.9%	+8.4%
Outperformance	+11.6%	+9.6%	+7.6%	+9.5%	+10.8%

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

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	-3.0%	-22.2%	+19.2%
2009/2010	+29.8%	+13.8%	+16.0%
YTD 2010/2011	+8.6%	+8.7%	-0.1%

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

PORTFOLIO STRUCTURE

As at 30 September 2010, listed securities made up 52.8% of the portfolio, while fixed interest and cash made up the remaining 47.2%. 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.

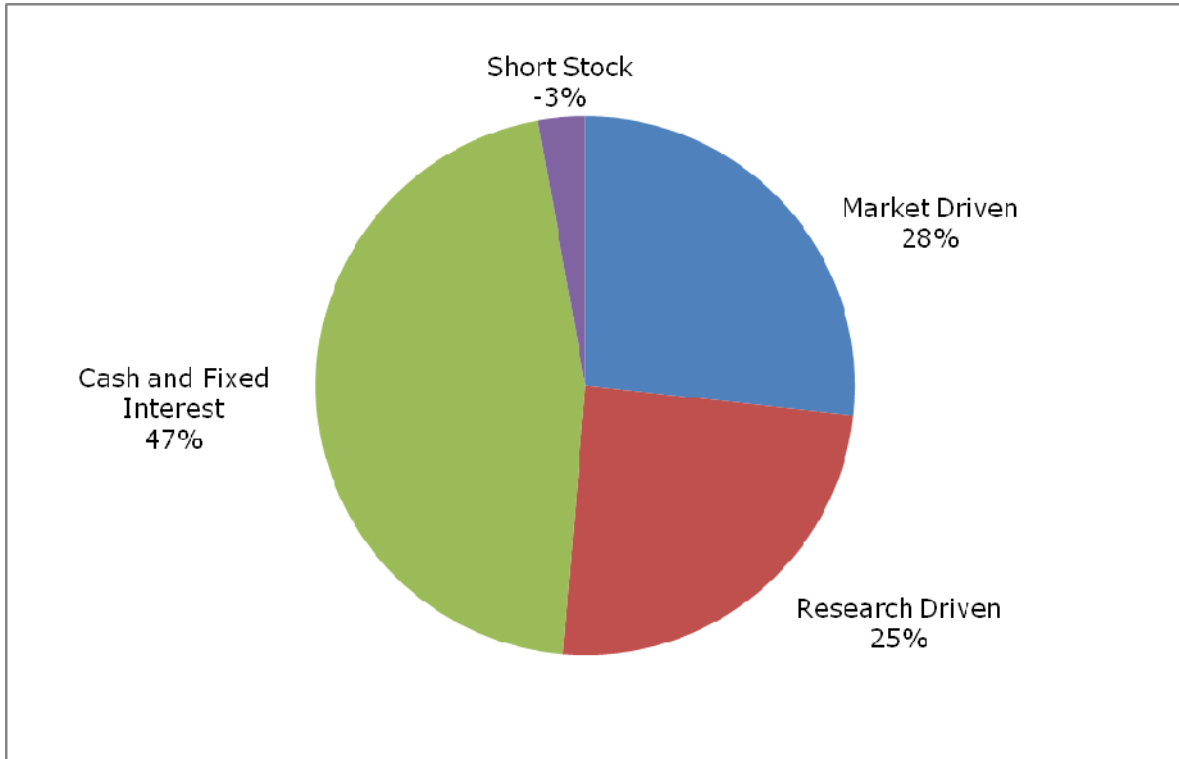
	As at 31 August 2010		As at 30 Sept 2010	
Investment Type	\$m	%	\$m	%
Listed Equities	93.43	53.1%	93.23	52.8%
Fixed Interest and Cash	82.49	46.9%	83.32	47.2%
Long Portfolio	175.92	100.0%	176.55	100.0%
Short Portfolio	(3.83)		(5.10)	
	No.		No.	
Total ordinary shares on issue	103,931,192		104,482,025	

PORTFOLIO STRUCTURE (Continued)

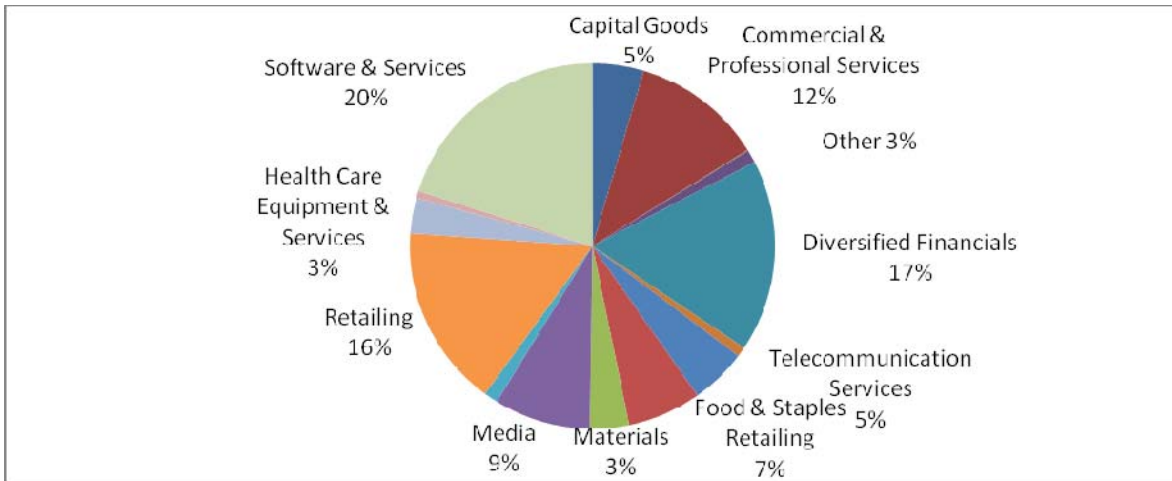
At 30 September 2010 the major securities held in the portfolio were:

CODE	COMPANY	MARKET VALUE \$	MARKET VALUE AS % GROSS ASSETS
RKN	Reckon Limited	9,163,530	5.3%
MMS	McMillan Shakespeare Limited	6,831,815	4.0%
AWB	AWB Limited	4,916,930	2.9%
RHG	RHG Limited	3,801,399	2.2%
MYS	Mystate Limited	2,716,272	1.6%
ORL	OrotonGroup Limited	2,588,949	1.5%
TGA	Thorn Group Limited	2,291,207	1.3%
IRE	IRESS Market Technology Limited	2,257,209	1.3%
ITX	ITX Group Limited	2,215,145	1.3%
PRV	Premium Investors Limited	2,137,423	1.2%
BKL	Blackmores Limited	2,109,863	1.2%
SGN	STW Communications Group Limited	2,038,908	1.2%
MAQ	Macquarie Telecom Group Limited	1,828,876	1.1%
SIG	Signature Capital Investments Limited	1,809,996	1.1%
AHE	Automotive Holdings Group Limited	1,737,046	1.0%
CIW	Clime Investment Management Limited	1,730,856	1.0%
ADG	Adtrans Group Limited	1,675,561	1.0%
SYM	Symex Holdings Limited	1,635,200	1.0%
TRS	The Reject Shop Limited	1,557,600	0.9%
ELI	Emerging Leaders Investments Limited	1,533,050	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	Feb 10	Mar 10
Gross Portfolio *	+7.6%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4%	-0.5%	+3.7%
All Ordinaries Accum.	+6.5%	+6.1%	-1.9%	+1.9%	+3.7%	-5.9%	+1.8%	+5.8%
	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sept 10		Since inception
Gross Portfolio *	+0.8%	-2.4%	+0.7%	+2.5%	+1.5%	+4.4%		+612.5%
All Ordinaries Accum.	-1.2%	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%		+146.5%

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

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