

Investment update

As at 31 December 2016



wilsonassetmanagement.com.au
ABN 34 086 587 395

Snapshot

Pre-tax net tangible assets

\$2.00

Fully franked
dividend yield

6.0%

Gross assets

\$1,200.6m

Performance
(p.a. since August 1999)

18.1%

WAM Capital Limited

ASX code	WAM
Date of listing	Aug 1999
Gross assets	\$1,200.6m
Market cap	\$1,445.7m
Share price	\$2.41
NTA before tax	\$2.00
Shares on issue	599,888,029
Fully franked dividend (FY2016)	14.5c
Fully franked dividend yield	6.0%

Investment objectives

- Deliver shareholders a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

Wilson Asset Management investment & management team

Geoff Wilson	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Martin Hickson	Senior Equity Analyst & Dealer
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Oscar Oberg	Senior Equity Analyst

Company overview

WAM Capital Limited (ASX: WAM) is a listed investment company managed by Wilson Asset Management. Listed in August 1999, WAM Capital 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 Capital also provides exposure to relative value arbitrages and market mispricing opportunities.

Market overview

The S&P/ASX All Ordinaries Accumulation Index finished the month up 4.2% to end the calendar year up a very solid 11.6%. With investors continuing to focus on the potentially stimulatory impact of US President-elect Donald Trump's proposed policies, the so-called 'Trump Rally' continued strongly in December across markets globally, including the US where the Dow Jones index reached an all time high. Australian September quarter Gross Domestic Product (GDP) data released in December fell a worse-than-expected 0.5%. This reading is the steepest decline in GDP since the global financial crisis of late 2008 and dragged down the annual growth rate to 1.8%. During the month, the US Federal Reserve raised interest rates for only the second time in 10 years with the funds rate target range increased by 0.25% to 0.5-0.75%.

Stock news

During the month, oil and gas company Santos Limited (ASX: STO) announced a new strategy to re-focus its business on its five key assets, PNG, LNG, GLNG, Cooper Basin, WA and Northern Australia at its Investor Day in Sydney. The company said its focus on these core assets reflects their materiality to Santos' valuation, along with expectations for stable production, long asset lives, and upside opportunities via high-margin growth opportunities. The remaining assets will be repackaged into a new non-core unit, which will be run as a standalone business based in Sydney. With his previous strong track record, we believe Chief Executive Officer Kevin Gallagher (who joined Santos last February) will continue his run of reducing costs and optimising core assets. We own Santos as a market-driven investment in the portfolio.

Net tangible asset (NTA) figures

NTA before tax	199.65c
NTA after tax and before tax on unrealised gains	197.71c
NTA after tax	194.95c

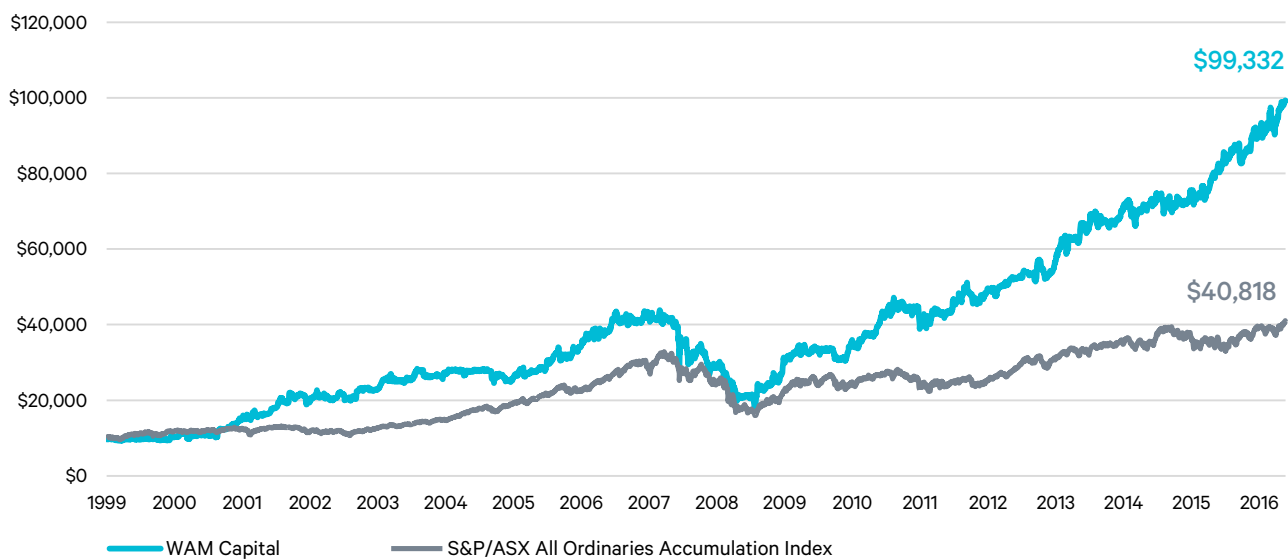
Performance

Performance at 31 December 2016	1 Mth	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	0.7%	9.7%	14.5%	16.9%	19.0%	12.1%	18.1%
S&P/ASX All Ordinaries Accumulation Index	4.2%	9.9%	11.6%	6.8%	11.6%	4.5%	8.3%
Outperformance	-3.5%	-0.2%	+2.9%	+10.1%	+7.4%	+7.6%	+9.8%

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

Growth of \$10,000 since inception

WAM Capital versus the Index



Diversified portfolio

Investment Type	November 2016		December 2016	
	\$m	%	\$m	%
Listed equities	780.5	65.4	799.3	66.6
Short portfolio	(9.6)	(0.8)	(0.0)	(0.0)
Fixed interest & cash	422.8	35.4	401.3	33.4
Gross assets	1,193.7m	100.0	1,200.6m	100.0
Total shares on issue	599,888,029		599,888,029	

Top 20 holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	27,977,022	2.3%
AAD	Ardent Leisure Group	24,074,615	2.0%
JBH	JB Hi-Fi Limited	23,448,226	2.0%
NCK	Nick Scali Limited	23,041,227	1.9%
MFG	Magellan Financial Group Limited	22,351,953	1.9%
STO	Santos Limited	22,029,222	1.8%
CYA	Century Australia Investments Limited	20,594,735	1.7%
SXL	Southern Cross Media Group Limited	18,282,348	1.5%
CGF	Challenger Limited	18,071,886	1.5%
MQG	Macquarie Group Limited	17,904,293	1.5%
ECX	Eclix Group Limited	17,658,154	1.5%
RCG	RCG Corporation Limited	17,436,280	1.5%
AFY	Afterpay Holdings Limited	17,347,468	1.4%
SLC	Superloop Limited	16,752,590	1.4%
A2M	a2 Milk Company Limited	16,692,563	1.4%
ONE	Oneview Healthcare PLC	14,912,966	1.2%
GNC	Graincorp Limited	14,110,646	1.2%
CWY	Cleanaway Waste Management Limited	13,709,598	1.1%
HLO	Helloworld Limited	13,418,807	1.1%
SLK	Sealink Travel Group Limited	13,362,757	1.1%

Fully franked dividends

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. 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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

Fully franked dividends since inception

