

Investment update

As at 31 May 2017



wilsonassetmanagement.com.au
ABN 34 086 587 395

Snapshot

Pre-tax net tangible assets

\$1.92

Fully franked
dividend yield

6.6%

Gross assets

\$1,217.9m

Performance
(p.a. since August 1999)

17.6%

WAM Capital Limited

| | |
|--|-------------|
| ASX code | WAM |
| Date of listing | Aug 1999 |
| Gross assets | \$1,217.9m |
| Market cap | \$1,437.7m |
| Share price | \$2.27 |
| NTA before tax | \$1.92 |
| Shares on issue | 633,342,008 |
| Annualised fully franked interim dividend (FY2017) | 15.0c |
| Fully franked dividend yield | 6.6% |

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 | Head of Trading |
| Tobias Yao | Senior Equity Analyst |
| John Ayoub | Senior Equity Analyst |
| Oscar Oberg | Senior Equity Analyst |
| Cooper Rogers | Assistant Dealer |

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 closed down 2.6% for the month, impacted by a sell-off in domestic bank stocks following the proposed levy on the five major banks announced in the Federal Government's budget and mounting concerns around the Australian residential property market. May showed a second consecutive monthly fall in property prices as bank led interest rate increases and Australian Prudential Regulatory Authority (APRA) led lending restrictions on interest-only loans weakened demand. Employment data released by the Australian Bureau of Statistics was stronger than expected, with jobs rising 37,400 and the unemployment rate dropping to 5.7% versus consensus expectations of 5.9%. Positive measures contained in the federal budget included funding for major infrastructure projects. In the US, minutes released by the Federal Reserve indicated officials were in broad agreement at their recent May meeting to shrink the central bank's balance sheet. The majority of officials said it would "soon" be time to raise rates again.

Stock news

During the month, Australia's largest travel agent Flight Centre Travel Group Limited (ASX: FLT) reaffirmed its FY17 guidance of \$300m to \$330m underlying profit before tax, down 7-15% on the previous corresponding period, which had been impacted by declining prices in international airfares over the last 12 months. International airfare prices are beginning to show signs of stabilisation and we see opportunity for management to reduce costs overtime.

Net tangible asset (NTA) figures

NTA before tax 191.85c

NTA after tax and before tax on unrealised gains 191.14c

NTA after tax 189.21c

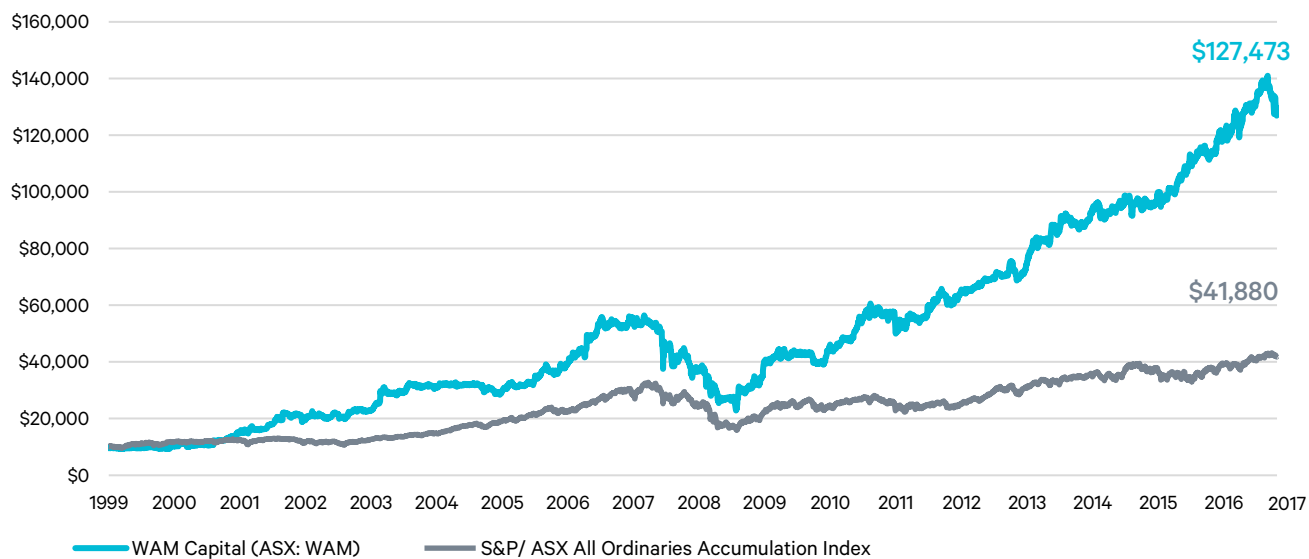
Performance

| Performance at 31 May 2017 | 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% | 0.7% | 9.6% | 10.4% | 15.3% | 17.6% | 10.6% | 17.6% |
| S&P/ASX All Ordinaries Accumulation Index | -2.6% | 6.9% | 12.8% | 10.2% | 6.2% | 11.6% | 3.4% | 8.2% |
| Outperformance | +2.3% | -6.2% | -3.2% | +0.2% | +9.1% | +6.0% | +7.2% | +9.4% |

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

Growth of \$10,000 investment since inception

WAM Capital versus the Index



Diversified portfolio

| Investment type | April 2017 | | May 2017 | |
|------------------------------|-----------------|--------------|------------------|--------------|
| | \$m | % | \$m | % |
| Listed equities | 759.7 | 64.1 | 715.6 | 58.7 |
| Short portfolio | (30.0) | (2.5) | (18.5) | (1.5) |
| Fixed interest & cash | 454.6 | 38.4 | 520.8 | 42.8 |
| Gross assets | 1,184.3m | 100.0 | 1,217.9m* | 100.0 |
| Total shares on issue | 616,674,558 | | 633,342,008* | |

*During the month, 16,667,450 shares were issued via a DRP shortfall placement, raising \$39.5m.

Top 20 holdings

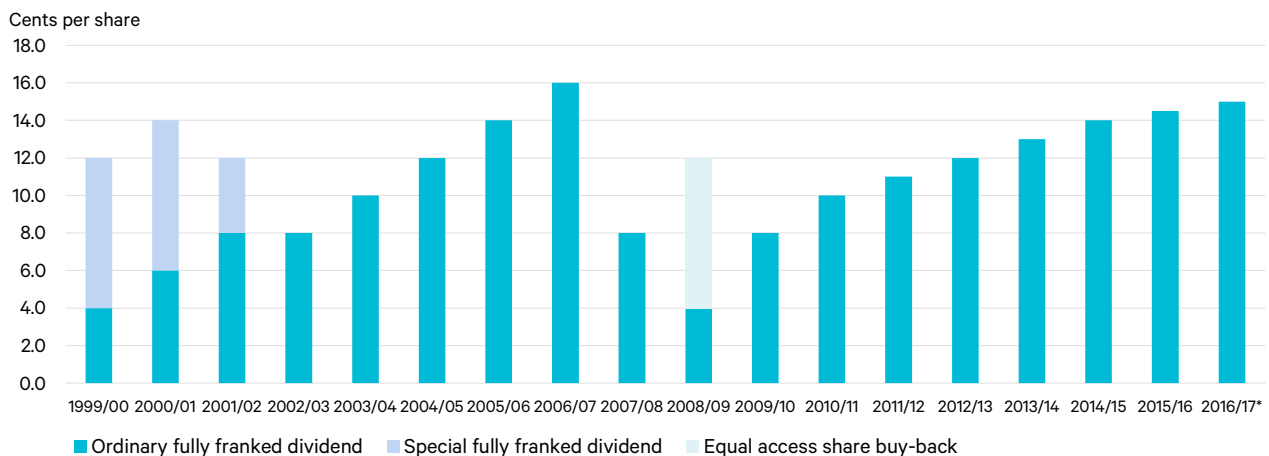
| Code | Company | Code | Company |
|------|--------------------------------------|------|--|
| HHV | Hunter Hall Global Value Limited | FLT | Flight Centre Travel Group Limited |
| AUB | AUB Group Limited | CL1 | Class Limited |
| TGG | Templeton Global Growth Fund Limited | NXT | NEXTDC Limited |
| AFY | Afterpay Holdings Limited | PSI | PSC Insurance Group Limited |
| FXJ | Fairfax Media Limited | IMD | Imdex Limited |
| CGF | Challenger Limited | NUF | Nufarm Limited |
| ISU | iSelect Limited | PNI | Pinnacle Investment Management Group Limited |
| NCK | Nick Scali Limited | JHG* | Janus Henderson Group PLC |
| SXL | Southern Cross Media Group Limited | RKN | Reckon Limited |
| SLC | Superloop Limited | CPU | Computershare Limited |

*The ASX code for this company at 31 May 17 was HGGDA, which changed to JHG on 13 June 2017 as a result of the completed merger between Henderson Group plc and Janus Capital Group Inc.

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



*Annualised interim dividend