W | A | M Capital

Investment update

As at 30 June 2018



Snapshot

Pre-tax net tangible assets

\$2.03

Fully franked dividend yield

6.5%

Gross assets

\$1,358.0m

Performance (p.a. since August 1999)

17.5%

wilsonassetmanagement.com.au ABN 34 086 587 395

WAM Capital Limited

ASX code	WAM
Date of listing	Aug 1999
Gross assets	\$1,358.0m
Market cap	\$1,590.7m
Share price	\$2.38
NTA before tax	\$2.03
Shares on issue	668,363,006
Annualised fully franked interim dividend (FY2018)	15.5c
Fully franked dividend yield	6.5%

Investment objectives

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

Wilson Asset Management investment & management team

Geoff Wilson AO	Chairman & Portfolio Manager
Kate Thorley	Chief Executive Officer
Chris Stott	Chief Investment Officer & Portfolio Manager
Matthew Haupt	Portfolio Manager
Catriona Burns	Portfolio Manager
Martin Hickson	Portfolio Manager
Oscar Oberg	Portfolio Manager
Tobias Yao	Senior Equity Analyst
John Ayoub	Senior Equity Analyst
Nick Healy	Equity Analyst
Cooper Rogers	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.

Defending the current dividend imputation system

The Federal Opposition has proposed changes to the current dividend imputation system that would impact self-funded retirees, older workers and low income earners. Wilson Asset Management firmly opposes these changes and is calling on the Commonwealth Government and Federal Opposition to maintain the status quo. It is vital to encourage your family and friends to sign our petition to maintain the momentum. Sign the petition here. We are currently consulting with shareholders and industry participants and we will submit the petition and policy paper that will explain the importance of maintaining the current dividend imputation system.

Market overview

The S&P/ASX All Ordinaries Accumulation Index closed up 2.9% for the month, to finish the financial year up 13.7%, the best year for the Australian market in four years. The resources sector was the best performing sector for the year while banks lagged on the back of a slowing economy and the Royal Commission.

During the month the Australian Senate passed Prime Minister Malcolm Turnbull's \$144 billion package of income tax cuts. The income tax cuts are the broadest income tax reform package passed by Parliament and will affect all taxpayers earning more than \$19,000, carried over three stages and spread across seven years.

Globally, the escalating prospect of trade conflicts between the US and China weighed heavily on sentiment. The US Federal Reserve lifted interest rates by 0.25 percentage points and signalled that two more increases are likely in 2018 as policymakers gave a bullish assessment of the US economy citing accelerating growth and rapid job creation.

Net tangible asset (NTA) figures

NTA before tax	202.61c [*]
NTA after tax and before tax on unrealised gains	200.96c**
NTA after tax	197.78c**

The NTA before tax figure is after the payment of \$518k (0.08 cents per share) in tax during the month. "This includes 0.32 cents per share of tax assets resulting from the acquisition of an unlisted investment company in April 2017.

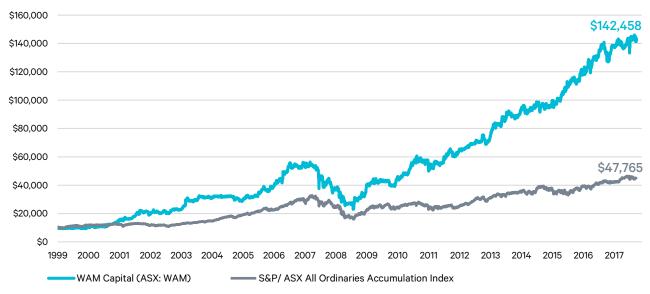
Performance

Performance at 30 June 2018	1 mth	6 mths	1 yr	3 yrs %pa	5 yrs %pa	10 yrs %pa	Since inception %pa (Aug-99)
WAM Investment Portfolio	1.4%	4.1%	15.0%	16.0%	16.4%	15.0%	17.5%
S&P/ASX All Ordinaries Accumulation Index	2.9%	4.0%	13.7%	9.5%	10.3%	6.2%	8.5%
Outperformance	-1.5%	+0.1%	+1.3%	+6.5%	+6.1%	+8.8%	+9.0%

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

Growth of \$10,000 investment since inception

WAM Capital versus the Index



Notes:

- 1. The above graph reflects the period from inception in August 1999 to 30 June 2018.
- 2. WAM Capital's performance is calculated using the closing daily share price in Australian dollars and assumes all dividends are reinvested.
- 3. The S&P/ASX All Ordinaries Accumulation Index has been chosen for comparison purposes only. The graph is not intended to be an indication of future performance of any asset class, index or the WAM Capital portfolio.

Diversified portfolio

	May 2	2018	June 2018	
Investment type	\$m	%	\$m	%
Listed equities	845.9	63.1	973.7	71.7
Short portfolio	(20.9)	(1.6)	(9.8)	(0.7)
Fixed interest & cash	516.4	38.5	394.1	29.0
Gross assets	1,341.4m	100.0	1,358.0m [°]	100.0
Total shares on issue	668,36	668,36	3,006	

This figure is after \$518k in tax paid during the month.

Top 20 holdings

Code	Company	Code	Company
AOG	Aveo Group Limited	MYX	Mayne Pharma Group Limited
ASB	Austal Limited	NEC	Nine Entertainment Co Holdings Limited
BAP	Bapcor Limited	PIA	Pengana International Equities Limited
BGA	Bega Cheese Limited	PSI	PSC Insurance Group Limited
CTD	Corporate Travel Management Limited	sco	Scottish Pacific Group Limited
EHL	Emeco Holdings Limited	SVW	Seven Group Holdings Limited
FLT	Flight Centre Travel Group Limited	SWM	Seven West Media Limited
FXL	FlexiGroup Limited	SXL	Southern Cross Media Group Limited
GXL	Greencross Limited	TGG	Templeton Global Growth Fund Limited
LIC	Lifestyle Communities Limited	WDE	Wealth Defender Equities Limited

The top 20 holdings are presented in alphabetical order.

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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Since inception, WAM Capital has paid 215.3 cents per share in fully franked dividends to shareholders.

Fully franked dividends since inception

