

# WAM CAPITAL LIMITED

(ACN 086 587 395)



## **WAM CAPITAL APRIL 2007 INVESTMENT UPDATE & NTA**

Since inception in August 1999 WAM Capital Ltd (WAM) has outperformed the overall sharemarket. WAM's portfolio (before all fees, costs, taxes and dividend) has increased by 526.5% compared to a 182.5% increase in the All Ordinaries Accumulation Index.

- In April WAM's gross portfolio (before all fees, costs and taxes) increased by 2.61%, while the All Ordinaries Accumulation Index rose by 3.05%.
- The gross portfolio has increased 30.7% for the 12 months to 30 April 2007.
- The gross portfolio has increased 33.2% for the 10 months to 30 April 2007.
- The NTA before tax was 193.22\*\* cents a share, as at 30 April 2007.
- The NTA after tax was 178.28\* cents a share, as at 30 April 2007.

\* The above figures are after the payment of an interim dividend of 8.0 cents a share fully franked, paid on the 27 April 2007. The above figures are also undiluted for unexercised options but after the exercise of 11,435,053 options at \$1.80 each during the month.

\*\*This is after the payment of \$1,481,113 (1.71 cents a share) in tax.

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.

### **MARKET OUTLOOK**

The Australian sharemarket rose a remarkable 3% in April, taking the gains to 150% since the bull market started in March 2003. While the economic environment remains robust, the sharemarket is a buzz with corporate activity and rumours of takeovers. This environment combined with a massive inflow of funds from superannuation should propel equity prices higher in the short term. These forces though are short term, causing us to remain cautious for the medium to long term.

### **DIVIDEND**

The interim dividend of 8.0 cents a share fully franked was paid on the 27 April 2007.

### **OPTIONS ISSUE**

On 24<sup>th</sup> October 2006, the Directors of WAM Capital Limited announced a 1 for 1 bonus issue of options to its shareholders. The options were allotted to shareholders on 1<sup>st</sup> December 2006 and have been issued at no cost to shareholders. The options have an exercise price of \$1.80 per option and can be exercised any time up until the expiry date of 17 December 2007.

As at the 11<sup>th</sup> May, 17,733,619 options have been exercised for a total consideration of \$31,920,514 with a remaining balance of outstanding options being 50,477,152.

### **PORTFOLIO STRUCTURE & STRATEGY**

As at 30 April 2007, listed securities made up approximately 80% of the portfolio, while fixed interest and cash made up the remaining 20%. 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 research heavily to find companies that meet this profile.

At 30 April 2007 the major securities held in the portfolio were:

COMPANY	MARKET VALUE \$
AJ Lucas Group Ltd (AJL)	1,994,547
Bank of Queensland Reset Prefs (BOQPB)	1,654,853
Clime Investment Ltd (CIW)	2,563,331
Coffey International Ltd (COF)	2,909,930
Credit Corp Group Ltd (CCP)	7,622,152
Customers Ltd (CUS)	1,665,891
Harvey Norman Holdings Ltd (HVN)	1,673,070
Henderson Group Plc (HGI)	3,996,300
Incitec Pivot Ltd (IPL)	2,459,520
IWL Ltd (IWL)	2,239,366
Ludowici Ltd (LDW)	1,746,895
Macquarie Prologis Trust (MPR)	2,261,637
Mariner Bridge Investments Ltd (MBR)	1,874,781
Mariner Financial Ltd (MFI)	2,066,400
McMillan Shakespeare Ltd (MMS)	3,763,855
Melbourne IT Ltd (MLB)	3,732,555
MMC Contrarian Ltd (MMA)	3,117,076
Photon Group Ltd (PGA)	3,898,928
Rattoon Holdings Ltd (RTN)	4,250,257
Reckon Ltd (RKN)	4,887,035
Reverse Corp Ltd (REF)	4,025,183
Service Stream Ltd (SSM)	2,053,965
Seven Network Limited (SEV)	3,685,500
Sigma Pharmaceuticals Ltd (SIP)	2,142,720
Sylvania Resources Limited (SLV)	2,275,200
Tassal Group Ltd (TGR)	2,120,889
Toll Holdings Ltd (TOL)	2,127,384
Tox Free Solutions Ltd (TOX)	1,620,000
Wotif.com Holdings Ltd (WTF)	1,889,736
NTA before tax	193.22c**
NTA after tax and before tax on unrealised gains	189.65c*
NTA after tax	178.28c*

\*The above figures are undiluted for unexercised options but after the exercise of 11,435,053 options at \$1.80 each during the month. The above figures are also after the payment of an interim dividend of 8.0 cents a share fully franked, paid on the 27 April 2007.

\*\*This is after the payment of \$1,481,113 (1.71 cents a share) in tax.

## PERFORMANCE TABLE

	<b>Aug 99</b>	<b>Sep 99</b>	<b>Oct 99</b>	<b>Nov 99</b>	<b>Dec 99</b>	<b>Jan 00</b>
Gross Portfolio *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%
All Ordinaries Accum.	-1.9%	-1.7%	+0.5%	+5.9%	+3.7%	-1.8%
	<b>Feb 00</b>	<b>Mar 00</b>	<b>Apr 00</b>	<b>May 00</b>	<b>Jun 00</b>	<b>Jul 00</b>
Gross Portfolio *	+5.4%	+5.3%	-5.7%	-2.9%	+3.6%	+2.9%
All Ordinaries Accum.	+1.6%	+0.5%	-1.5%	-1.3%	+7.7%	-1.3%
	<b>Aug 00</b>	<b>Sep 00</b>	<b>Oct 00</b>	<b>Nov 00</b>	<b>Dec 00</b>	<b>Jan 01</b>
Gross Portfolio *	+5.2%	-0.7%	+2.5%	+1.9%	+0.1%	+1.7%
All Ordinaries Accum.	+1.7%	+0.2%	-1.1%	+1.1%	-2.0%	+4.4%
	<b>Feb 01</b>	<b>Mar 01</b>	<b>Apr 01</b>	<b>May 01</b>	<b>Jun 01</b>	<b>July 01</b>
Gross Portfolio *	-0.2%	- 3.7%	+3.9%	+6.7%	+6.9%	-1.0%
All Ordinaries Accum.	-0.2%	- 4.8%	+5.7%	+1.6%	+3.8%	-4.5%
	<b>Aug 01</b>	<b>Sep 01</b>	<b>Oct 01</b>	<b>Nov 01</b>	<b>Dec 01</b>	<b>Jan 02</b>
Gross Portfolio *	+4.6%	-2.9%	+8.6%	+3.8%	+3.3%	+7.0%
All Ordinaries Accum.	-1.3%	-6.7%	+6.8%	+3.4%	+2.7%	+1.3%
	<b>Feb 02</b>	<b>Mar 02</b>	<b>Apr 02</b>	<b>May 02</b>	<b>Jun 02</b>	<b>Jul 02</b>
Gross Portfolio *	+3.1%	+4.9%	-0.4%	+0.7%	-2.2%	-3.0%
All Ordinaries Accum.	-1.1%	+0.8%	-1.8%	+0.9%	-4.4%	-4.1%
	<b>Aug 02</b>	<b>Sep 02</b>	<b>Oct 02</b>	<b>Nov 02</b>	<b>Dec 02</b>	<b>Jan 03</b>
Gross Portfolio *	+3.9%	-1.1%	+1.1%	+1.6%	+1.5%	+1.3%
All Ordinaries Accum.	+1.8%	-4.1%	+2.6%	+1.5%	-1.5%	-1.3%
	<b>Feb 03</b>	<b>Mar 03</b>	<b>Apr 03</b>	<b>May 03</b>	<b>Jun 03</b>	<b>Jul 03</b>
Gross Portfolio *	-1.7%	-0.4%	+3.8%	+1.5%	+3.5%	+3.6%
All Ordinaries Accum.	-5.1%	+3.4%	+4.4%	+0.5%	+1.3%	+3.6%
	<b>Aug 03</b>	<b>Sept 03</b>	<b>Oct 03</b>	<b>Nov 03</b>	<b>Dec 03</b>	<b>Jan 04</b>
Gross Portfolio *	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%
All Ordinaries Accum.	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%
	<b>Feb 04</b>	<b>Mar 04</b>	<b>Apr 04</b>	<b>May 04</b>	<b>Jun 04</b>	<b>Jul 04</b>
Gross Portfolio *	+2.7%	+0.1%	-1.3%	-0.8%	+1.0%	+2.4%
All Ordinaries Accum.	+3.1%	+2.0%	-0.1%	+1.6%	+2.7%	+0.6%
	<b>Aug 04</b>	<b>Sep 04</b>	<b>Oct 04</b>	<b>Nov 04</b>	<b>Dec 04</b>	<b>Jan 05</b>
Gross Portfolio *	+1.2%	+2.5%	+2.9%	+3.3%	+0.7%	+2.7%
All Ordinaries Accum.	+1.1%	+3.8%	+3.1%	+4.6%	+3.0%	+1.3%
	<b>Feb 05</b>	<b>Mar 05</b>	<b>Apr 05</b>	<b>May 05</b>	<b>Jun 05</b>	<b>Jul 05</b>
Gross Portfolio *	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+1.8%	-0.7%	-3.8%	+3.4%	+4.5%	+2.8%
	<b>Aug 05</b>	<b>Sep 05</b>	<b>Oct 05</b>	<b>Nov 05</b>	<b>Dec 05</b>	<b>Jan 06</b>
Gross Portfolio *	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%
	<b>Feb 06</b>	<b>Mar 06</b>	<b>Apr 06</b>	<b>May 06</b>	<b>Jun 06</b>	<b>Jul 06</b>
Gross Portfolio *	+4.9%	+5.3%	+2.1%	-2.3%	+0.5%	+0.4%
All Ordinaries Accum.	+0.7%	+4.8%	+2.4%	-4.3%	+1.9%	-1.5%
	<b>Aug 06</b>	<b>Sep 06</b>	<b>Oct 06</b>	<b>Nov 06</b>	<b>Dec 06</b>	<b>Jan 07</b>
Gross Portfolio *	+3.4%	+2.4%	+4.7%	+3.6%	+6.1%	+3.8%
All Ordinaries Accum.	+3.2%	+1.3%	+4.8%	+2.5%	+3.6%	+2.0%
	<b>Feb 07</b>	<b>Mar 07</b>	<b>Apr 07</b>	<b>May 07</b>	<b>Jun 07</b>	<b>Since Inception</b>
Gross Portfolio *	+0.4%	+1.9%	+2.6%			+526.5%
All Ordinaries Accum.	+1.6%	+3.3%	+3.0%			+182.5%

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