

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395



WAM CAPITAL LTD (WAM) - FEBRUARY 2008 **INVESTMENT UPDATE & NTA**

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.

Since inception in August 1999 WAM Capital Ltd (WAM) has outperformed the overall sharemarket. WAM's portfolio (before all fees, costs, taxes and dividends) has increased by 474.9% compared to a 168.7% increase in the All Ordinaries Accumulation Index.

In February WAM's gross portfolio (before all fees, costs and taxes) fell by 1.29%, while the All Ordinaries Accumulation Index rose by 0.26%.

NTA before tax	153.77c*
NTA after tax and before tax on unrealised gains	153.77c
NTA after tax	150.43c

The above figures are after the provision for the interim dividend of 8.00 cents a share fully franked, paid on the 11 March 2008.

*This is after the payment of \$98,959 (0.094 cents a share) in tax.

MARKET OUTLOOK

Following the collapse in equity prices during January, the Australian sharemarket settled into a tighter trading pattern in February. Every time the market attempted to rally it was severely dealt with by a wall of sellers. During March the sellers gained the upper hand. In the near term (3 months) it is very difficult to see what will change this situation. This is typical of a bear market. While the subprime crisis and subsequent demise of the US economy triggered the initial collapse, Australian investors are now concerned about rising interest rates, a strong currency and the restriction of credit. As the Reserve Bank ratchets up rates to quell the inflation genie, focus has turned to the impact this will have on company earnings. Indeed the higher cost of debt has, at an alarming speed, claimed several corporate victims. In addition it has played havoc with banking and small industrial stocks, which are both considered high risk propositions in such an environment. In simple terms, higher rates will slow down the domestic economy, curb profit growth and increase the prospect of bad debts for the banking sector which has already been sideswiped by the global credit crunch and the subsequent higher cost of funding.

The only thing that has stopped a total collapse of the Australian sharemarket has been the resilient nature of commodity stocks that continue to benefit from the Asia growth story.

Until we see the full impact of the events of the last 9 months play out, extreme uncertainty will hold the market back. Over this period there will be short covering rallies. We believe that while this uncertainty persists there is little prospect of a sustained recovery in share

prices. The medium term (6 months or more) will present some stunning opportunities, especially in the small capitalisation companies and the financial sector.

DIVIDEND

On the 26 February the Directors declared an interim dividend of 8.00 cents a share fully franked which was paid on the 11 March 2008. The shares traded ex dividend on 29 February 2008. The DRP price was \$1.3863.

PERFORMANCE

- The gross portfolio has decreased 15.17% for the 8 months to 29 February 2008.
- The gross portfolio has decreased 4.07% for the 12 months to 29 February 2008.

Set out below is the performance of WAM Capital Limited since listing to 31 December 2007:

	Gross Portfolio*	All Ords. 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%
Half year 2008	-5.1%	+3.7%	-8.8%

Annualised performance	Gross Portfolio*	All Ords. Accumulation Index	Outperformance
1 year	+11.8%	+18.0%	-6.1%
3 years	+20.4%	+21.3%	-0.9%
5 years	+22.3%	+21.4%	+0.9%
7 years	+23.2%	+15.1%	+8.1%
Since inception	+24.8%	+14.0%	+10.7%

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

PORTFOLIO STRUCTURE & STRATEGY

As at 29 February 2008, listed securities made up approximately 58.4% of the portfolio, while fixed interest and cash made up the remaining 41.6%. 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.

Investment Type	As at 31 January 2008		As at 29 February 2008	
	\$m	%	\$m	%
Listed Equities	107.37	62.6%	98.85	58.4%
Fixed Interest and Cash	64.21	37.4%	70.40	41.6%
Long Portfolio	171.58	100.0%	169.25	100.0%
Short Portfolio	-	-	0.56	100.0%
	No.		No.	
Total no. of ord shares on issue	105,052,558		105,052,558	

PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)

At 29 February 2008 the major securities held in the portfolio were:

COMPANY	MARKET VALUE \$
Adtrans Group Ltd (ADG)	2,340,220
Aevum Ltd (AVE)	1,566,517
Allegiance Mining NL (AGM)	992,843
Bank of Queensland Reset Prefs (BOQPB)	1,634,115
Chandler MacLeod Ltd (CHD)	1,001,497
Clime Investment Ltd (CIW)	1,935,515
Coffey International Ltd (COF)	844,833
Coote Industrial Ltd (CXG)	1,347,500
Devine Ltd (DVN)	1,247,400
Dyno Nobel Limited (DXL)	1,252,398
Dyno Nobel SPS Trust (DYNPA)	1,716,760
Eservglobal Ltd (ESV)	2,129,093
HFA Accelerator Plus Ltd (HAP)	1,090,957
HFA Holdings Ltd (HFA)	2,421,888
Imdex Ltd (IMD)	1,604,222
Industrial Minerals Ltd (IDM)	1,177,500
ITX Group Limited (ITX)	1,521,922
Keybridge Capital Ltd (KBC)	1,379,090
Ludowici Ltd (LDW)	1,323,848
Macmahon Holdings Ltd (MAH)	911,430
McMillan Shakespeare Ltd (MMS)	3,049,780
Melbourne IT Ltd (MLB)	4,327,701
Mitchell Communications Group Ltd (MCU)	2,564,653
NewSat Ltd (NWT)	922,736
Nomad Building Solutions Ltd (NOD)	2,721,949
Photon Group Ltd (PGA)	3,436,917
Premier Investments Ltd (PMV)	2,583,088
Primary Health Care Ltd (PRY)	1,333,080
Proto Resources Ltd (PRW)	853,816
Rattoon Holdings Ltd (RTN)	2,734,186
Reckon Ltd (RKN)	6,788,444
Reef Casino Trust (RCT)	961,272
Reverse Corp Ltd (REF)	1,872,725
RR Australia Ltd (RRA)	1,502,811
Service Stream Ltd (SSM)	2,846,697
Sydney Gas Ltd (SGL)	973,663
Symbion Health Limited (SYB)	8,494,610
Tower Ltd (TWR)	1,254,777
Watpac Ltd (WTP)	1,669,801
West Australian Newspapers Holdings Ltd (WAN)	921,690

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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.	-1.9%	-1.7%	+0.5%	+5.9%	+3.7%	-1.8%	+1.6%	+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	Since Inception
Gross Portfolio *	-4.2%	+1.7%	+3.1%	-4.8%	-1.1%	-9.5%	-1.3%	+474.9%
All Ordinaries Accum.	+1.7%	+5.8%	+3.1%	-2.4%	-2.4%	-11.2%	+0.3%	+168.7%

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