WAM CAPITAL LIMITED

(ACN 086 587 395)

WAM CAPITAL OCTOBER 2006
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 423.1% compared to a 141.1% increase in the All Ordinaries Accumulation Index.

- In October WAM's gross portfolio (before all fees, costs and taxes) increased by 4.74%, while the All Ordinaries Accumulation Index rose by 4.80%.
- The gross portfolio has increased 11.21% for the 4 months to 31 October 2006.
- The NTA before tax was 176.82 cents a share*, as at 31 October 2006.
- The NTA after tax was 163.21 cents a share, as at 31 October 2006.

The above figures are after the payment of a final dividend of 7.0 cents a share fully franked, paid on the 27 October 2006.

*This is after the payment of $460,500 (0.68 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

World equity markets performed strongly in October with investors celebrating a pause in US interest rate increases. The Australian sharemarket participated in this rally, rising 4.8%. The local market performed robustly despite the prospect of the Reserve Bank increasing official interest rates in November. We believe equity valuations are becoming stretched. In this environment stock selection will be crucial to delivering acceptable returns.

DIVIDEND

The final dividend of 7.0 cents a share fully franked was paid on the 27 October 2006. This will bring the 2006 full year dividend to 14.0 cents a share.

PORTFOLIO STRUCTURE & STRATEGY

As at 31 October 2006, listed securities made up approximately 89% of the portfolio, while fixed interest and cash made up the remaining 11%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, and are well positioned in growth industries and have proven management. We continue to research heavily to find companies that meet this profile.

At 31 October 2006 the major securities held in the portfolio were:

COMPANY	MARKET VALUE $
B Digital Ltd (BBB)	1,855,862
Babcock and Brown Ltd (BNB)	1,412,692
Bank of Queensland Reset Prefs (BOQPB)	1,721,213
Coffey International Ltd (COF)	1,736,379
Contango Microcap Ltd (CTN)	1,532,400
Credit Corp Group Ltd (CCP)	6,293,911
Drillsearch Energy Ltd (DLS)	1,043,492
DWS Adanced Business Solutions Ltd (DWS)	1,599,399
Emeco Holdings Ltd (EHL)	1,075,200
Emitch Ltd (EMI)	1,715,700
Gropep Ltd (GRO)	1,022,920
Harvey Norman Holdings Ltd (HVN)	2,112,842
Incremental Petroleum Ltd (IPM)	2,362,500
ITL Ltd (ITD)	1,041,159
IWL Ltd (IWL)	2,013,241
Linq Resources Fund (LRF)	2,664,565
Loftus Capital Partners Ltd (LCP)	2,144,310
Ludowici Ltd (LDW)	1,200,448
Mariner Financial Ltd (MFI)	1,209,600
Mariner Wealth Management Ltd (MWM)	2,100,000
Mayne Pharma Ltd (MYP)	1,131,830
McMillan Shakespeare Ltd (MMS)	2,989,392
Melbourne IT Ltd (MLB)	2,732,120
Mortgage Choice Ltd (MOC)	1,062,620
NewSat Ltd (NWT)	1,216,835
Oakton Ltd (OKN)	1,866,155
Oamps Ltd (OMP)	2,304,991
Over Fifty Group Ltd (OFG)	1,283,585
Oxiana Ltd (OXR)	1,853,600
Photon Group Ltd (PGA)	4,021,284
Rattoon Holdings Ltd (RTN)	2,367,823
Rebel Sport Ltd (REB)	1,743,477
Reckon Ltd (RKN)	4,202,664
Reef Casino Trust (RCT)	1,249,654
Reverse Corp Ltd (REF)	1,333,839
Select Harvests Ltd (SHV)	3,578,603
Service Stream Ltd (STR)	1,194,489
Tassal Group Ltd (TGR)	2,634,998
The Reject Shop Ltd (TRS)	1,065,442
Timbercorp Ltd (TIM)	2,350,600
Tower Ltd (TWR)	2,305,811
Wentworth Mutual Ltd (WWM)	1,930,546

NTA before tax	176.82c*
NTA after tax and before tax on unrealised gains	175.87c
NTA after tax	163.21c

The above figures are after the payment of a final dividend of 7.0 cents a share fully franked, paid on the 27 October 2006.
*This is after the payment of $460,500 (0.68 cents a share) in tax.

PERFORMANCE TABLE

	Aug 99	**Sep 99**	**Oct 99**	**Nov 99**	**Dec 99**	**Jan 00**
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%
	Feb 00	**Mar 00**	**Apr 00**	**May 00**	**Jun 00**	**Jul 00**
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%
	Aug 00	**Sep 00**	**Oct 00**	**Nov 00**	**Dec 00**	**Jan 01**
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%
	Feb 01	**Mar 01**	**Apr 01**	**May 01**	**Jun 01**	**July 01**
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%
	Aug 01	**Sep 01**	**Oct 01**	**Nov 01**	**Dec 01**	**Jan 02**
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%
	Feb 02	**Mar 02**	**Apr 02**	**May 02**	**Jun 02**	**Jul 02**
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%
	Aug 02	**Sep 02**	**Oct 02**	**Nov 02**	**Dec 02**	**Jan 03**
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%
	Feb 03	**Mar 03**	**Apr 03**	**May 03**	**Jun 03**	**Jul 03**
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%
	Aug 03	**Sept 03**	**Oct 03**	**Nov 03**	**Dec 03**	**Jan 04**
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%
	Feb 04	**Mar 04**	**Apr 04**	**May 04**	**Jun 04**	**Jul 04**
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%
	Aug 04	**Sep 04**	**Oct 04**	**Nov 04**	**Dec 04**	**Jan 05**
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%
	Feb 05	**Mar 05**	**Apr 05**	**May 05**	**Jun 05**	**Jul 05**
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%
	Aug 05	**Sep 05**	**Oct 05**	**Nov 05**	**Dec 05**	**Jan 06**
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%
	Feb 06	**Mar 06**	**Apr 06**	**May 06**	**Jun 06**	**Jul 06**
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%
	Aug 06	**Sep 06**	**Oct 06**			**Since Inception**
Gross Portfolio *	+3.4%	+2.4%	+4.7%			+423.1%
All Ordinaries Accum.	+3.2%	+1.3%	+4.8%			+141.1%

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