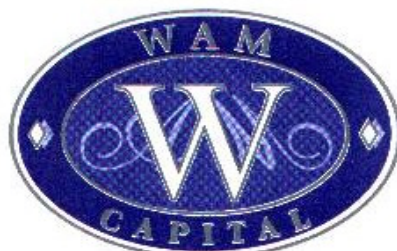


# WAM CAPITAL LIMITED

(ACN 086 587 395)



## **WAM CAPITAL LTD (WAM) - SEPTEMBER 2007** **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 dividend) has increased by 562.0% compared to a 207.3% increase in the All Ordinaries Accumulation Index.

In September WAM's gross portfolio (before all fees, costs and taxes) rose by 1.71%, while the All Ordinaries Accumulation Index rose by 5.78%.

NTA before tax	195.42c*
NTA after tax and before tax on unrealised gains	193.12c*
NTA after tax	184.27c*

\*The above figures are before the payment of a final dividend of 8.0 cents a share fully franked, payable on the 26 October 2007 and after the exercise of 6,343,470 options at \$1.80.

### **MARKET OUTLOOK**

September was a stunning month with the All Ordinaries Accumulation Index rising by more than 5%. The surge was lead by the large mining stocks and a handful of larger industrial stocks. While the smaller stocks rallied, investors moved towards larger more liquid stocks which were perceived as less risky. This move reversed the sharemarket's plunge in August following the credit crunch in the US. We remain cautious and continue to concentrate on picking stocks we believe represent good value.

### **DIVIDEND**

The final dividend declared for the 2007 year is 8.0 cents a share fully franked, payable on 26 October 2007. The shares will trade ex dividend on 15 October 2007.

The dividend re-investment plan will be operating at no discount. To participate in the dividend re-investment plan, please send your election to our share registrar no later than the 15 October 2007.

To be entitled to receive this dividend, current option holders needed to exercise all or any part of their options into ordinary shares by close of business 4 October 2007.

## **OPTIONS ISSUE**

On 24 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 September, 33,782,306 options have been exercised for a total consideration of \$60,808,151 with a remaining balance of outstanding options being 34,428,465.

## **PERFORMANCE**

- The gross portfolio has decreased 2.32% for the 3 months to 30 September 2007.
- The gross portfolio has increased 32.45% for the 12 months to 30 September 2007.

Set out below is the performance of WAM Capital Limited since listing to 30 June 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%

Annualised performance	Gross Portfolio*	All Ords. Accumulation Index	Outperformance
1 year	+44.1%	+30.3%	+13.8%
3 years	+27.9%	+26.1%	+1.7%
5 years	+24.5%	+20.6%	+4.0%
7 years	+26.2%	+14.5%	+11.7%
Since inception	+27.3%	+14.5%	+12.9%

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

## **PORTFOLIO STRUCTURE & STRATEGY**

As at 30 September 2007, listed securities made up approximately 68.6% of the portfolio, while fixed interest and cash made up the remaining 31.4%. 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.

## **PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)**

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

<b>COMPANY</b>	<b>MARKET VALUE \$</b>
Adtrans Group Ltd (ADG)	1,670,927
Antares Energy Ltd Unsec Conv Notes (AZZG)	1,288,000
Babcock & Brown Ltd (BNB)	1,586,667
Bank of Queensland Reset Prefs (BOQPB)	1,700,475
Chandler MacLeod Ltd (CHD)	1,126,684
Clime Investment Ltd (CIW)	3,216,371
Coffey International Ltd (COF)	2,578,229
Credit Corp Group Ltd (CCP)	7,084,911
CSR Ltd (CSR)	3,615,375
Dyno Nobel SPS Trust (DYNPA)	1,065,188
Envirozel Ltd (EVZ)	1,386,357
Gosford Quarry Ltd (GOH)	1,168,450
Henderson Group Plc (HGI)	3,515,850
HFA Holdings Ltd (HFA)	2,170,980
Industrial Minerals Ltd (IDM)	1,727,000
ITX Group Limited (ITX)	1,816,910
Jabiru Metals Ltd (JML)	1,501,620
Ludowici Ltd (LDW)	1,958,754
Mariner Bridge Investments Ltd (MBR)	2,266,997
Mariner Financial Ltd (MFI)	1,522,095
McMillan Shakespeare Ltd (MMS)	3,588,049
Melbourne IT Ltd (MLB)	3,857,921
Minara Resources Ltd (MRE)	1,439,752
Mitchell Communications Group Ltd (MCU)	3,090,332
NewSat Ltd (NWT)	1,320,251
Nomad Building Solutions Ltd (NOD)	4,399,160
Paladin Resources Ltd (PDN)	1,526,715
Photon Group Ltd (PGA)	4,357,645
Premier Investments Ltd (PMV)	1,442,076
Rattoon Holdings Ltd (RTN)	3,666,910
Reckon Ltd (RKN)	5,521,106
Reef Casino Trust (RCT)	1,127,892
Reverse Corp Ltd (REF)	3,111,958
RR Australia Ltd (RRA)	1,781,820
Scarborough Equities Ltd (SCB)	1,061,507
Service Stream Ltd (SSM)	4,625,884
Seven Network Limited (SEV)	3,733,500
Southern Cross Broadcasting Ltd (SBC)	3,762,916
Tox Free Solutions Ltd (TOX)	1,206,831
Virgin Blue Holdings Ltd (VBA)	1,285,388
Watpac Ltd (WTP)	3,527,676
Webjet Ltd (WEB)	1,426,612

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## 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>Jul 07</b>
Gross Portfolio *	+0.4%	+1.9%	+2.6%	+4.7%	+3.3%	+0.3%
All Ordinaries Accum.	+1.6%	+3.3%	+3.0%	+3.2%	-0.1%	-1.9%
	<b>Aug 07</b>	<b>Sep 07</b>	<b>Oct 07</b>	<b>Nov 07</b>	<b>Dec 07</b>	<b>Since Inception</b>
Gross Portfolio *	-4.2%	+1.7%				+562.0%
All Ordinaries Accum.	+1.7%	+5.8%				+207.3%

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