

WAM CAPITAL LIMITED

(ACN 086 587 395)



WAM CAPITAL DECEMBER 2004 **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 263.6% compared to a 70.1% increase in the All Ordinaries Accumulation Index.

- In December WAM's portfolio (before all fees, costs and taxes) increased by 0.7% while the All Ordinaries Accumulation Index increased by 3.0%.
- The NTA before tax was 161.47 cents a share, as at 31 December 2004.
- The NTA after tax was 148.95 cents* a share, as at 31 December 2004.

* The above figure is after the payment of 4.7 cents in tax for the 2004 financial year, and after the payment of a 5.0 cent fully franked final dividend.

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 bull market, now in its 23rd month, has seen the All Ordinaries Accumulation index rise by more than 50%. This dramatic appreciation in share prices has been driven by a strengthening of corporate profits, 28-year low unemployment and stable interest rates. More recently, an increase in corporate activity in the form of mergers and acquisitions has helped propel the market higher. Takeover bids for GPT, WMR, National Foods, Portman Mining, Foodland, and possibly Southcorp, has seen the corporate investor become a new buyer with the ability to inject fresh funds into the market and ignite more demand for shares. These favourable factors have resulted in optimistic expectations for earnings and future share price growth. We would expect these expectations to be met in the upcoming half-yearly profit results. However, we are becoming increasingly cautious in the medium-term. Market valuations have risen faster than profits and we believe that any disappointments to company earnings or a negative change in the economic environment could see a major correction occur.

PORTFOLIO STRUCTURE & STRATEGY

As at 31 December 2004 equities made up approximately 66% of the portfolio, while fixed interest, and cash made up the remaining 34%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, that are well positioned in growth industries and have proven management. We continue to research heavily to find companies that meet this profile.

At 31 December 2004 the major securities held in the portfolio were:

COMPANY	MARKET VALUE \$
AP Eagers Ltd (APE)	726,709
Australian Stock Exchange Ltd (ASX)	1,022,040
Austal Ltd (ASB)	623,700
Bank of Queensland Reset Prefs	2,013,000
Catalyst Recruitment Systems Ltd	985,732
Consolidated Minerals Ltd (CSM)	1,210,517
Contango Microcap Ltd (CTN)	822,592
Credit Corp Group Ltd (CCP)	1,396,439
Farsands Corporation Ltd (FCO)	822,895
Harvey World Travel Limited	939,201
Loftus Capital Partners Ltd	1,988,102
Mariner Financial Ltd (MFI)	957,600
Mariner Retirement Ltd (MRT)	660,000
Medical Developments International Ltd (MVP)	1,277,851
Melbourne IT Ltd (MLB)	890,235
Monadelphous Group Ltd (MND)	853,295
Oakton Ltd (OKN)	672,863
OAMPS Ltd (OMP)	1,890,302
OFM Investment Group Ltd (OFM)	1,633,030
Pacific Strategic Investments Ltd (PSI)	897,573
Photon Group Limited (PGA)	1,247,000
Primelife Corp C/Note (PLFGB)	665,856
Rattoon Holdings (RTN)	749,700
Reckon Ltd (RKN)	2,538,404
Reef Casino Trust (RCT)	820,838
Reinsurance Australia Corporation Ltd (RAC)	1,044,000
Roberts Ltd (RBS)	2,811,708
Select Harvests Ltd (SHV)	2,035,654
Sydney Gas Ltd (12% Conv. Note) (SGLGA)	1,379,980
Tassal Group Ltd (TGR)	1,270,507
Timbercorp Conv Pref (TIMPA)	700,669
Tower Ltd (TWR)	1,086,930
WMC Resources Ltd (WMR)	649,800

NTA before tax	161.47c
NTA after tax and before tax on unrealised gains	157.73c
NTA after tax	148.95c*

* The above figure is after the payment of 4.7 cents in tax for the 2004 financial year, and after the payment of a 5.0 cent fully franked final dividend.

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	Since Inception
Gross Portfolio *	+1.2%	+2.5%	+2.9%	+3.3%	+0.7%	+263.6%
All Ordinaries Accum.	+1.1%	+3.8%	+3.1%	+4.6%	+3.0%	+70.1%

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

For further information please visit our website www.wamcapital.com.au or contact;
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