

WAM CAPITAL LIMITED

(ACN 086 587 395)



WAM CAPITAL MAY 2005 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 254.2% compared to a 73.3% increase in the All Ordinaries Accumulation Index.

- In May WAM's portfolio (before all fees, costs and taxes) remained steady at 0.0%, while the All Ordinaries Accumulation Index increased by 3.4%.
- The NTA before tax was 149.17 cents a share*, as at 31 May 2005.
- The NTA after tax was 140.59 cents a share*, as at 31 May 2005.

* After the payment of a 6.0 cent fully franked interim dividend, the exercise of 3,942,794 options at \$1.55 (cum dividend) during April 2005 and the issue of 901,342 shares under the DRP.

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

In a remarkable turnaround the Australian sharemarket is approaching its all-time highs. Seemingly, investors have overcome concerns about earnings growth, a topic that recently threatened to de-rail the two-year plus bull market. Instead, investors are rejoicing in the prospect of interest rates falling in the coming 12 months.

With the domestic economy slowing and costs in the form of labour and raw materials rising, we remain concerned about earnings growth in the short to medium term. Consequently we remain cautious.

PORTFOLIO STRUCTURE & STRATEGY

As at 31 May 2005 equities made up approximately 54% of the portfolio, while fixed interest, and cash made up the remaining 46%. 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 May 2005 the major securities held in the portfolio were:

COMPANY	MARKET VALUE \$
Alinta Gas Ltd (ALN)	1,184,400
Bank of Queensland Reset Prefs (BOQPB)	2,020,000
Calliden Group Ltd (CIX)	902,400
Catalyst Recruitment Systems Ltd (CRU)	658,019
Contango Microcap Ltd (CTN)	833,001
Credit Corp Group Ltd (CCP)	1,427,652
Farsands Corporation Ltd (FCO)	668,138
Gropep Ltd (GRO)	1,185,357
Healthscope Ltd (HSP)	1,758,756
Loftus Capital Partners Ltd	1,803,493
Iinet Ltd (IIN)	654,900
Mariner Financial Ltd (MFI)	663,600
McMillan Shakespeare Ltd (MMS)	700,784
Medical Developments International Ltd (MVP)	810,344
Melbourne IT Ltd (MLB)	1,107,470
Monadelphous Group Ltd (MND)	1,900,485
Oakton Ltd (OKN)	875,191
OAMPS Ltd (OMP)	1,832,857
OFM Investment Group Ltd (OFM)	1,660,205
Origin Energy Ltd (ORG)	985,320
Pacific Strategic Investments Ltd (PSI)	953,671
Photon Group Limited (PGA)	1,357,323
Rattoon Holdings (RTN)	910,350
Reckon Ltd (RKN)	2,608,485
Roberts Ltd (RBS)	2,207,481
Select Harvests Ltd (SHV)	3,061,509
Tassal Group Ltd (TGR)	1,514,455
Tower Ltd (TWR)	2,221,119

NTA before tax	149.17c*
NTA after tax and before tax on unrealised gains	145.68c*
NTA after tax	140.59c*

* After the payment of a 6.0 cent fully franked interim dividend, the exercise of 3,942,794 options at \$1.55 (cum dividend) during April 2005 and the issue of 901,342 shares under the DRP.

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	Since Inception	
Gross Portfolio *	-0.2%	-0.8%	-4.2%	+0.0%	+254.2%	
All Ordinaries Accum.	1.8%	-0.7%	-3.8%	+3.4%	+73.3%	

*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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