

# WAM CAPITAL LIMITED

(ACN 086 587 395)



## **WAM CAPITAL SEPTEMBER 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 296.7% compared to a 100.2% increase in the All Ordinaries Accumulation Index.

- In September WAM's portfolio (before all fees, costs and taxes) increased by 2.6%, while the All Ordinaries Accumulation Index increased by 4.8%.
- The NTA before tax was 162.36 cents a share, as at 30 September 2005.
- The NTA after tax was 152.60 cents a share, as at 30 September 2005.

The above figures are before the payment of a final dividend of 6.0 cents a share fully franked.

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 share market surged to record highs during September, taking the rise since March 2003 to 72 per cent. The All Ordinaries accumulation index jumped 4.8 per cent in the month of September alone, with resource and bank stocks leading the charge. However, the first half of October has seen the market decline 5 per cent as rising oil prices and the possibility of higher interest rates has spooked investors.

The decline in the first two weeks of October should not be unexpected given the fabulous run the market has experienced for the last two and half years. It also shows the market is very sensitive to any negative changes in economic conditions. In other words, we believe the market has failed to price in normal risks associated with investing in equities.

We are uncertain at this stage if the bull market is over or if investors are simply taking a breather. If oil does continue to climb in price then this will place pressure on company earnings and possibly spark inflation. Higher inflation generally leads to higher interest rates, which in turn is a negative for equities.

## **DIVIDEND**

The final dividend of 6.0 cents a share fully franked, will bring the full year dividend to 12.0 cents a share. The shares traded ex dividend from 4 October 2005, with payment on 17 October 2005.

## **PORTFOLIO STRUCTURE & STRATEGY**

As at 30 September 2005 equities made up approximately 75% of the portfolio, while fixed interest, and cash made up the remaining 25%. 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 30 September 2005 the major securities held in the portfolio were:

<b>COMPANY</b>	<b>MARKET VALUE \$</b>
ABB Grain Ltd (ABB)	870,400
Alesco Corporation Ltd (ALS)	1,117,200
Alinta Ltd (ALN)	829,500
Alphawest Ltd (ALW)	852,097
Austral Ltd (ASB)	1,017,730
Bank of Queensland Reset Prefs (BOQPB)	2,002,000
Buka Minerals Ltd (BKA)	1,040,000
Burns Philp & Co. CPD (BPCPA)	666,182
Calliden Group Ltd (CIX)	1,041,200
Catalyst Recruitment Systems Ltd (CRU)	851,939
Coates Hire Ltd (COA)	905,253
Contango Microcap Ltd (CTN)	1,189,819
Credit Corp Group Ltd (CCP)	2,264,078
Customers Ltd (CUS)	815,740
Gropep Ltd (GRO)	1,250,692
Healthscope Ltd (HSP)	1,532,412
Incremental Petroleum Ltd (IPM)	1,400,000
Innovonics Ltd (INO)	1,240,043
Loftus Capital Partners Ltd	1,718,288
Mariner Financial Ltd (MFI)	772,800
McMillan Shakespeare Ltd (MMS)	1,198,310
Medical Developments International Ltd (MVP)	912,252
Melbourne IT Ltd (MLB)	886,921
Metcash Ltd (MTS)	869,400
Monadelphous Group Ltd (MND)	714,049
Mortgage Choice Ltd (MOC)	942,715
News Corp Ltd Class B (NWS)	1,057,910
Oakton Ltd (OKN)	1,093,962
OAMPS Ltd (OMP)	2,758,299
OFM Investment Group Ltd (OFM)	1,697,574
Pharmaxis Ltd (PXS)	1,054,800
Photon Group Limited (PGA)	1,876,615
Reckon Ltd (RKN)	2,738,298
Reckson NY Prop Trust (RNYCA)	964,275
Roberts Ltd (RBS)	2,723,789
Select Harvests Ltd (SHV)	3,748,450
Sigma Company Ltd (SIG)	1,290,450
STW Communications Ltd (SGN)	1,064,698
Tassal Group Ltd (TGR)	2,635,968
Telstra Ltd (TLS)	2,035,000
Tower Ltd (TWR)	2,802,337
Wattyl Ltd (WYL)	1,260,000
Worley Parsons Ltd (WOR)	1,394,166

NTA before tax	162.36c
NTA after tax and before tax on unrealised gains	160.83c
NTA after tax	152.60c

The above figures are before the payment of a final dividend of 6.0 cents a share fully franked.

The performance table of WAM's monthly performance since inception is on the following page.

## 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>Since Inception</b>			
Gross Portfolio *	+3.9%	+2.6%	+296.7%			
All Ordinaries Accum.	+2.2%	+4.8%	+100.2%			

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

For further information please visit our website [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au) or contact:

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