

Investment Update & Net Tangible Assets Report

AS AT 31 JANUARY 2016



Performance

Performance at 31 January 2016	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio ¹	-2.5%	9.0%	13.6%	22.0%	16.7%	14.6%	13.7%	18.0%
S&P/ASX All Ordinaries Accumulation Index	-5.4%	-8.8%	-5.0%	-4.7%	5.5%	5.4%	4.7%	7.6%
Outperformance	+2.9%	+17.8%	+18.6%	+26.7%	+11.2%	+9.2%	+9.0%	+10.4%

¹Investment performance and Index returns are before expenses, fees and taxes.

Net Tangible Assets (NTA) figures

NTA before tax	191.28c
NTA after tax and before tax on unrealised gains	191.54c¹
NTA after tax	185.10c¹

¹These figures are after the payment of \$625k (0.13 cents per share) in tax during the month. Includes 1.2 cents of tax assets resulting from the merger with Premium Investors.

Market overview

The Australian equity market experienced its worst start to the calendar year since January 2010, with the S&P/ASX All Ordinaries Accumulation Index falling 5.4%. Concerns around global economic growth and a continued slowdown in China drove the decline in equity markets. China's equity market was particularly volatile during the month and fell 22.7% as investors reacted poorly to the unexpected devaluation of the Yuan, softer economic data and tighter capital controls.

The continued deterioration in commodity prices placed downward pressure on the Australian equity market during the month. Oil prices fell 4.7% in January following on from a 15.6% fall in December. The falling commodity prices hurt also the Australian dollar, which fell to a seven-year low during the month. Unsurprisingly, the defensive sectors – utilities, telecommunications and consumer staples – outperformed the index in January.

Corporate earnings season is now underway and so far the results have been mixed and outlooks statements guarded. We expect the difficult conditions will continue and have taken profits on a number of positions throughout January and February to increase our cash weighting. This provides us with the ability to act on opportunities as they emerge.

WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$919.0m
Market cap	\$1,010.9m
Share price	\$2.16
NTA before tax	\$1.91
Shares on issue	468,006,885
Fully franked annualised interim dividend (FY2016)	14.5c
Dividend yield	6.7%

Investment objectives

- Deliver investors a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

Company overview

WAM Capital Limited (ASX: WAM), one of Australia's leading Listed Investment Companies, is managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the Australian Securities Exchange. WAM Capital also provides exposure to relative value arbitrages and market mispricing opportunities.

Investment & Management Team

Geoff Wilson

Chairman/Portfolio Manager

Kate Thorley

Chief Executive Officer/
Company Secretary

Chris Stott

Chief Investment Officer/
Portfolio Manager

Matthew Haupt

Portfolio Manager

Martin Hickson

Senior Equity Analyst/Dealer

Tobias Yao

Equity Analyst

James McNamara

Head of Corporate Affairs

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Diversified portfolio

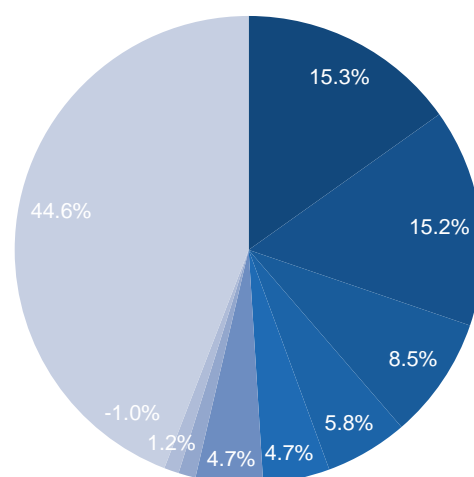
Investment Type	December 2015		January 2016	
	\$m	%	\$m	%
Listed Equities	648.2	68.1	514.2	55.4
Fixed Interest & Cash	303.2	31.9	414.3	44.6
Long Portfolio	951.4	100.0	928.5	100.0
Short Portfolio	(6.2)	(0.7)	(9.5)	(1.0)
Gross Assets	\$945.2m		\$919.0m*	
Total shares on issue	468,006,885		468,006,885	

* This figure is after the payment of \$625k (0.13 cents per share) in tax during the month.

Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	29,810,640	3.2%
SIQ	Smartgroup Corporation Limited	21,359,095	2.3%
IPP	iProperty Group Limited	18,611,232	2.0%
CYA	Century Australia Investments Limited	18,350,116	2.0%
TWE	Treasury Wine Estates Limited	16,305,554	1.8%
ECX	Eclipx Group Limited	14,619,828	1.6%
IPH	IPH Limited	14,411,701	1.6%
MYX	Mayne Pharma Group Limited	13,991,992	1.5%
RCG	RCG Corporation Limited	12,941,100	1.4%
MTR	Mantra Group Limited	12,934,643	1.4%
AOG	Aveo Group	12,395,322	1.3%
SGF	SG Fleet Group Limited	11,674,023	1.3%
MYR	Myer Holdings Limited	11,634,093	1.3%
A2M	The A2 Milk Company Limited	10,220,953	1.1%
SRX	Sirtex Medical Limited	10,113,761	1.1%
BGA	Bega Cheese Limited	9,752,571	1.1%
DMP	Domino's Pizza Enterprises Limited	9,671,995	1.1%
GJT	Galileo Japan Trust	9,624,239	1.0%
CSV	CSG Limited	9,476,554	1.0%
HVN	Harvey Norman Holdings Limited	9,456,205	1.0%

Sector allocation



- Financials: 15.3%
- Consumer Discretionary: 15.2%
- Industrials: 8.5%
- Consumer Staples: 5.8%
- Health Care: 4.7%
- Information Technology: 4.7%
- Telecommunication Services: 1.2%
- Short stock: -1.0%
- Cash and Fixed Interest: 44.6%

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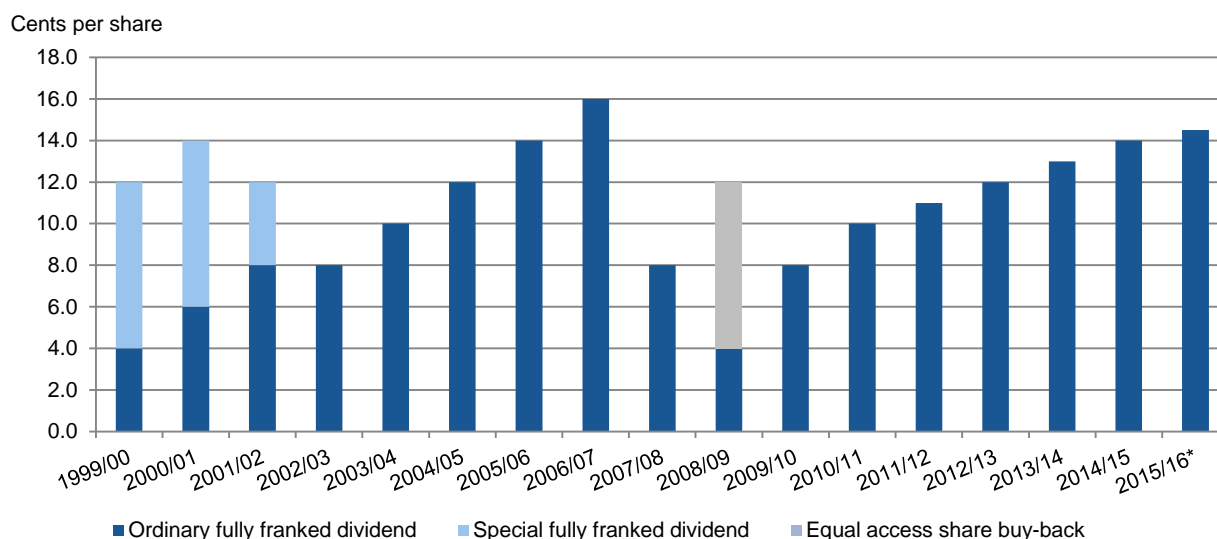
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Dividend growth

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are usually paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

WAM Capital dividends since inception



*Annualised interim dividend

On 1 February 2016, the Company announced a fully franked interim dividend of 7.25 cents per share, an increase of 3.6% on the previous corresponding period. The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the interim dividend. To participate in the DRP, shareholders should send their DRP Election Form to the Company's share registrar (Boardroom) no later than 2 May 2016.

Key dividend dates

Ex date: 27 April 2016

Record date: 28 April 2016

Last election date for DRP: 2 May 2016

Payment date: 13 May 2016