

WAM CAPITAL LIMITED

(ACN 086 587 395)



WAM CAPITAL DECEMBER 99 INVESTMENT UPDATE & NTA

WAM'S PORTFOLIO +28.8% AGAINST INDEX +6.4%

In December WAM Capital Ltd's (WAM) portfolio (before all fees, costs and taxes) increased 4.9% while the All Ordinaries Accumulation Index increased 3.7%. Since inception in August 1999 WAM has continued to outperform the overall sharemarket. WAM's portfolio (before all fees, costs and taxes) has increased by 28.8% while the index has risen by 6.4%. The WAM Board is extremely pleased with the performance.

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 the November update we asked the question "Has the January rally already occurred?" It appears it has. The All Ordinaries index rose strongly in November and December on the back of reducing concerns about Y2K and a technology driven rally. Since then market interest rates have continued to rise. In the US, long bond yields are currently at a three year high, while Australian ten year bond yields currently are at a 2 ½ year high. We believe stock prices of industrial shares should fall as interest rates increase. The up tick in rates has already impacted on some of the larger industrial companies and will eventually impact on the smaller end of the market. WAM directors are also concerned about the high valuations being paid for various new technology companies. As a result of these concerns WAM has increased its cash position from below 10% to approximately 35% during late December and early January. Going forward we continue to monitor the structure of the portfolio depending on movements in interest rates.

PORTFOLIO STRUCTURE & STRATEGY

As at 31st December 1999 equities made up approximately 80% of the portfolio, the remainder being held in fixed interest and cash. In early January our exposure to equities has been reduced because of the reasons outlined above. We continue to focus on companies with relatively favourable earnings multiples, exceptionally strong earnings per share growth, well positioned in growth industries and proven management. We continue to research heavily to find companies that meet this profile.

LEVEL ELEVEN
131 MACQUARIE ST
SYDNEY NSW 2000
TEL (02) 9247 6755
FAX (02) 9247 6855

The major securities held as at 31st December 1999 in the fund give exposure to;

Ten Network	National Australia Bank
Brian McGuigan Wines	Timbercorp
Powerlan	Port Douglas Reef Resorts
Snack Foods	Normandy Mt Leyson
Millers Retail	Bristile
Challenger International	Cranswick Estates
Noni B	Reef Casino
AOG	Colorado
Australian Stock Exchange	Prime Life

PERFORMANCE

	Sep 99	Oct 99	Nov 99	Dec 99	Since Inception
Gross Portfolio *	+5.1%	+4.1%	+11.0%	+4.9%	+28.8%
All Ordinaries Accumulation Index	-1.7%	+0.5%	+5.9%	+3.7%	+6.4%

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

NTA before tax 31/12/99 *	118.2c
NTA after tax 31/12/99 *	114.1c

* These figures are undiluted for options on issue

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

Mr Geoff Wilson on (02) 9247 6755 / 0412 242 712 / email gwilson@wamcapital.com.au

Mr Matthew Kidman on (02) 9247 6902 / 0417 069 578 /email mkidman@wamcapital.com.au

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