

WAM CAPITAL OCTOBER 99 **INVESTMENT UPDATE & NTA**

In October WAM Capital Ltd's (WAM) portfolio (before all fees, costs and taxes) increased 4.1% while the All Ordinaries Accumulation Index increased 0.5%.

Since inception in August 1999 WAM has significantly outperformed the overall sharemarket. WAM's portfolio (before all fees, costs and taxes) has increased by 10.8% while the index has declined by 3.2%. This has been achieved with a cash level in excess of 35% over the period. 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 recent months, management has been cautious building up its cash position. However we have decided to increase our equity holdings leading into the new year. This move is based upon the belief that there will be a significant relief rally once the Y2K problem has passed. During December large institutions will be building up cash levels in preparation for Y2K. This cash should re-enter the market in January, causing a strong rise in equities.

Longer term, management remains cautious on the equity market. This caution stems from rising interest rates around the globe.

PORTFOLIO STRUCTURE & STRATEGY

At 31st October 1999 our cash level was in excess of 40%. This has been reduced to nearly 20% as of 12th November 1999. We will decrease this further with our change in tactical asset allocation resulting in an aggressive short term increase in our equity exposure.

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. Currently the majority of companies exhibiting these characteristics are medium sized industrial companies. We are also increasing our exposure to larger capitalised companies. We continue to research heavily to find companies that meet this profile.

As at 31st October 1999 equities made up approximately 52% of the portfolio, the remainder being held in fixed interest and cash. The equity weighting has increased to around 80% as of 12th November 1999.

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

Brian McGuigan Wines	Timbercorp
Powerlan	Flight Centre
Qantas	Port Douglas Reef Resorts
Millers Retail	Normandy Mt Leyson
WA Newspapers	Bristile
Challenger International	Cranswick Estates

PERFORMANCE

	Sept 99	Oct 99	Since Inception
Gross Portfolio *	+5.1%	+4.1%	+10.8%
All Ordinaries Accumulation Index	-1.7%	+0.5%	-3.2%

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

NTA before tax 31/10/99	105.2c
NTA after tax 31/10/99	105.0c

NOVEMBER

The first two weeks of November have opened strongly with the value of the portfolio increasing by in excess of 4.0%.

ANNUAL GENERAL MEETING

We look forward to seeing our shareholders at our AGM which is to be held at 11am on 30th November 1999 at Historical House, Ground Floor, 133 Macquarie Street, Sydney NSW.

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

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