

WAM CAPITAL LTD (WAM) ABN 34 086 587 395 INVESTMENT UPDATE & NTA – AUGUST 2011

WAM Capital Limited (WAM) is an investor in listed Australian equities. The investment objectives are to deliver a rising stream of fully franked dividends, to provide capital growth and to preserve capital. WAM concentrates predominately on small to medium industrial companies.

Since inception in August 1999 WAM has outperformed the overall share market. WAM's portfolio (before all fees, costs, taxes and dividends) has increased by 660.9% compared to a 140.8% increase in the S&P/ASX All Ordinaries Accumulation Index.

Performance as at 31 August 2011	1 Mth %	6 Mths %	Ytd %	1 Year %	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Capital Limited [*]	-1.8%	-4.1%	-1.6%	+11.5%	+13.3%	+9.3%	+15.8%	+18.3%
S&P/ASX All Ordinaries Accumulation Index	-2.0%	-9.3%	-5.3%	+2.6%	-1.6%	+1.2%	+7.4%	+7.5%
Outperformance	+0.2%	+5.2%	+3.7%	+8.9%	+14.9%	+8.1%	+8.4%	+10.8%

^{*}The change in the gross portfolio before all expenses, fees and taxes.

The following NTA figures are before the payment of a fully franked final dividend of 5.0 cent per share to be paid on the 15 September 2011. The shares traded ex dividend on 2 September 2011.

NTA before tax	164.32c
NTA after tax and before tax on unrealised gains	163.30c
NTA after tax	160.80c

Market Outlook

In what was one of the most remarkable months witnessed on the Australian market, we managed to only finish down 2% on the S&P/ASX All Ordinaries Accumulation Index after being down a massive 16% intra month. The heightened level of volatility not seen since the GFC was driven predominately by uncertainty around the European banking system and weak economic data out of the US. The US Federal Reserve's statement during the month to keep interest rates low for two years lifted investor sentiment along with the domestic reporting season which broadly came in line with investors expectations.

Market Outlook (continued)

In Australia we have seen mixed economic data which has widened the gap with investors expectation on the future direction of interest rates. GDP for the June quarter of 1.2% was ahead of expectations, although two thirds of this figure was driven by inventory restocking. This could leave a gap in future quarters. Unemployment has reached 5.3% and will likely trend higher in future months given the weakness amongst cyclical companies in Australia. We expect further weakness in economic data could see interest rate cuts in Australia. In the meantime, we remain cautious and will continue to research for individual stock opportunities.

Dividends

On 20 July 2011 the Board announced a fully franked final dividend of 5.0 cents per share. This is a 25% increase on the final dividend last year and brings the full year dividend to 10.0 cent per share fully franked. The final dividend dates are as follows:

Ex Date: 2 September 2011 Record Date: 8 September 2011 Payment Date: 15 September 2011

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits, and it is within prudent business practices. Dividends are paid on a six-monthly basis. Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits. Essentially, WAM Capital will always be in a position to pay dividends providing it is solvent.

Portfolio Structure

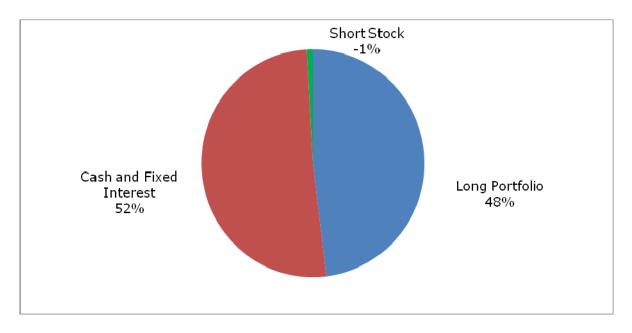
As at 31 August 2011, listed securities made up 48.5% of the portfolio, while fixed interest and cash made up the remaining 51.5%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, are well positioned in growth industries and have proven management. We continue to heavily research companies that meet this profile, with over 700 company visits a year.

	As at 31 J	uly 2011		As at 31 August 2011		
Investment Type	\$m	%		\$m	%	
Listed Equities	100.2	56.1%		84.9	48.5%	
Fixed Interest and Cash	78.5	43.9%		90.0	51.5%	
Long Portfolio	178.7 100.0			174.9 100.09		
Short Portfolio	(2.2)			(1.6)		
Total Fund Size	\$176.5m			\$173.3m		
	No.			No.		
Total ordinary shares on issue	105,063,158			105,063,158		

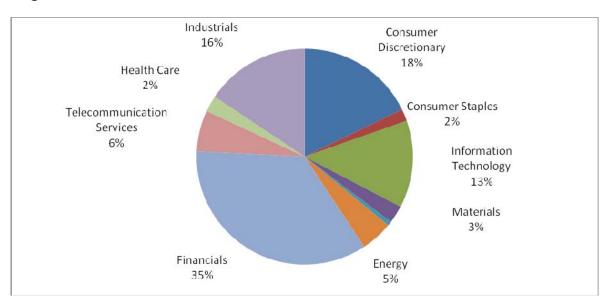
At 31 August 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
RKN	Reckon Limited	6,926,110	4.0%
SGI	Signature Capital Investments Limited	5,286,938	3.1%
ELI	Emerging Leaders Investments Limited	4,866,997	2.8%
MMS	McMillan Shakespeare Limited	4,024,617	2.3%
MYS	Mystate Limited	2,906,364	1.7%
CNA	Coal & Allied Industries Limited	2,610,485	1.5%
DKN	DKN Financial Group Limited	2,580,749	1.5%
BRG	Breville Group Limited	2,489,997	1.4%
ARP	ARB Corporation Limited	2,148,383	1.2%
CCQ	Contango Capital Partners Limited	2,048,073	1.2%
MAQ	Macquarie Telecom Group Limited	1,881,113	1.1%
BKL	Blackmores Limited	1,604,977	0.9%
SGN	STW Communications Group Limited	1,603,405	0.9%
SAI	SAI Global Limited	1,568,882	0.9%
CIW	Clime Investment Management Limited	1,557,770	0.9%
MSF	Maryborough Sugar Factory Limited (The)	1,535,231	0.9%
IPP	IProperty Group Limited	1,527,019	0.9%
RHG	RHG Limited	1,499,605	0.9%
SKE	Skilled Group Limited	1,479,906	0.9%
IMFG	IMF (Australia) Ltd 10.25% Conv Note	1,476,627	0.9%

Portfolio Structure – Gross Asset Allocation



Long Portfolio Structure – Sector Allocation



Performance

Set out below is the performance of WAM since listing to 31 August 2011 on a financial year basis. The performance data before all expenses, fees and taxes and is used as a guide to how the company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

Financial Year	Gross Portfolio	S&P/ASX All Ordinaries Accumulation Index	Outperformance
1999/2000	+33.3%	+11.3%	+22.0%
2000/2001	+30.2%	+8.9%	+21.3%
2001/2002	+32.7%	-4.5%	+37.2%
2002/2003	+12.3%	-1.1%	+13.4%
2003/2004	+27.3%	+22.4%	+4.9%
2004/2005	+13.9%	+24.8%	-10.9%
2005/2006	+27.4%	+24.2%	+3.2%
2006/2007	+44.1%	+30.3%	+13.8%
2007/2008	-23.0%	-12.1%	-10.9%
2008/2009	-3.0%	-22.2%	+19.2%
2009/2010	+29.8%	+13.8%	+16.0%
2010/2011	+17.9%	+12.2%	+5.7%
YTD 2011/2012	-1.6%	-5.3%	+3.7%

Monthly Performance Table

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Gross Portfolio*	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00	Apr 00
All Ordinaries Accum.	+1.4%	+5.1% -1.2%	+4.1%	+11.0%	+4.9%	-2.0% -0.7%	+5.4%	+5.3% +0.5%	-5.7% -1.5%
7.11 01 41141100 71004111	2.070	11270	10.070	101170	10.070	01770	111770	10.070	11070
	May 00	Jun 00	Jul 00	Aug 00	Sep 00	Oct 00	Nov 00	Dec 00	Jan 01
Gross Portfolio*	-2.9%	+3.6%	+2.9%	+5.2%	-0.7%	+2.5%	+1.9%	+0.1%	+1.7%
All Ordinaries Accum.	-1.3%	+7.7%	-1.3%	+1.7%	+0.2%	-1.1%	+1.1%	-2.0%	+4.4%
	Feb 01	Mar 01	Apr 01	May 01	Jun 01	July 01	Aug 01	Sep 01	Oct 01
Gross Portfolio*	-0.2%	- 3.7%	+3.9%	+6.7%	+6.9%	-1.0%	+4.6%	-2.9%	+8.6%
All Ordinaries Accum.	-0.2%	- 4.8%	+5.7%	+1.6%	+3.8%	-4.5%	-1.3%	-6.7%	+6.8%
+	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02	Jul 02
Gross Portfolio	+3.8%	+3.3%	+7.0%	+3.1%	+4.9%	-0.4%	+0.7%	-2.2%	-3.0%
All Ordinaries Accum.	+3.4%	+2.7%	+1.3%	-1.1%	+0.8%	-1.8%	+0.9%	-4.4%	-4.1%
	Aug 02	Sep 02	Oct 02	Nov 02	Dec 02	Jan 03	Feb 03	Mar 03	Apr 03
Gross Portfolio*	+3.9%	-1.1%	+1.1%	+1.6%	+1.5%	+1.3%	-1.7%	-0.4%	+3.8%
All Ordinaries Accum.	+1.8%	-4.1%	+2.6%	+1.5%	-1.5%	-1.3%	-5.1%	+3.4%	+4.4%
*	May 03	Jun 03	Jul 03	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04
Gross Portfolio	+1.5%	+3.5%	+3.6%	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%
All Ordinaries Accum.	+0.5%	+1.3%	+3.6%	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%
	Feb 04	Mar 04	Apr 04	May 04	Jun 04	Jul 04	Aug 04	Sep 04	Oct 04
Gross Portfolio*	+2.7%	+0.1%	-1.3%	-0.8%	+1.0%	+2.4%	+1.2%	+2.5%	+2.9%
All Ordinaries Accum.	+3.1%	+2.0%	-0.1%	+1.6%	+2.7%	+0.6%	+1.1%	+3.8%	+3.1%
*	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
Gross Portfolio	+3.3%	+0.7%	+2.7%	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+4.6%	+3.0%	+1.3%	+1.8%	-0.7%	-3.8%	+3.4%	+4.5%	+2.8%
	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06
Gross Portfolio*	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%	+4.9%	+5.3%	+2.1%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%	+0.7%	+4.8%	+2.4%
*	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07
Gross Portfolio	-2.3%	+0.5%	+0.4%	+3.4%	+2.4%	+4.7%	+3.6%	+6.1%	+3.8%
All Ordinaries Accum.	-4.3%	+1.9%	-1.5%	+3.2%	+1.3%	+4.8%	+2.5%	+3.6%	+2.0%
	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07
Gross Portfolio*	+0.4%	+1.9%	+2.6%	+4.7%	+3.3%	+0.3%	-4.2%	+1.7%	+3.1%
All Ordinaries Accum.	+1.6%	+3.3%	+3.0%	+3.2%	-0.1%	-1.9%	+1.7%	+5.8%	+3.1%
*	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
Gross Portfolio	-4.8%	-1.1%	-9.5%	-1.3%	-5.3%	+1.7%	+2.3%	-7.9%	-1.6%
All Ordinaries Accum.	-2.4%	-2.4%	-11.2%	+0.3%	-4.1%	+4.6%	+2.4%	-7.3%	-5.2%
	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09
Gross Portfolio*	+1.7%	-5.3%	-9.2%	-5.6%	+3.1%	-1.5%	+1.1%	+2.6%	+5.2%
All Ordinaries Accum.	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%	+8.1%	+6.1%
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Canal Devite " *	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10
Gross Portfolio All Ordinaries Accum.	+3.6%	+4.1%	+8.2% +7.7%	+7.6% +6.5%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4% -5.9%
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	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sept 10	Oct 10
Gross Portfolio*	-0.5%	+3.7%	+0.8%	-2.4%	+0.7%	+2.5%	+1.5%	+4.4%	+1.4%
All Ordinaries Accum.	+1.8%	+5.8%	-1.2%	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%
	Nov. 10	Doc 10	lan 11	Eob 11	Mar 11	Apr 11	May 11	lue 11	hul 44
Cross Portfolio*	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11
Gross Portfolio All Ordinaries Accum.	+2.3%	+3.7%	+1.4%	+2.1%	+0.1%	+1.2%	-1.4% -1.9%	-2.4% -2.4%	+0.2%
7.11 Ordinaries Acculti.	-0.770	1 3.0 /0	10.170	12.270	10.070	-0.070	-1.770	-2.470	-3.470
									Since
*	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	inception
Gross Portfolio	-1.8%								+660.9%
All Ordinaries Accum.	-2.0%								+140.8%
*The change in the port	L	L		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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