



WAM CAPITAL LTD (WAM)
ABN 34 086 587 395
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
AUGUST 2012

WAM Capital Limited (WAM) is a listed investment company that provides investors exposure to an actively managed fund that concentrates on identifying undervalued growth companies, generally found in the small to medium industrial sector. WAM also provides exposure to relative value arbitrage and market mispricing opportunities. The investment objectives are to deliver a rising stream of fully franked dividends, to provide capital growth and to preserve capital.

Outperformance against sharemarket

Since inception, the WAM Investment Portfolio has outperformed the overall sharemarket. WAM's strong performance against the S&P/ASX All Ordinaries Accumulation Index is shown in the table below. The investment performance is before expenses, fees and taxes.

Performance as at 31 August 2012	1 Mth %	6 Mths %	Fin YTD %	1 Year %	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio	+2.7%	+5.0%	+4.4%	+10.6%	+12.7%	+5.3%	+13.9%	+17.7%
S&P/ASX All Ordinaries Accumulation Index	+2.1%	+1.1%	+5.9%	+4.0%	+3.1%	-2.9%	+8.0%	+7.3%
Outperformance	+0.6%	+3.9%	-1.5%	+6.6%	+9.6%	+8.2%	+5.9%	+10.4%

NTA figures

The following Net Tangible Asset (NTA) figures are before the payment of a fully franked final dividend of 5.5 cents per share payable on the 28 September 2012. The figures below have not been adjusted for the 128,021,791 remaining options on issue with an exercise price of \$1.60 per share.

NTA before tax	164.64c
NTA after tax and before tax on unrealised gains	164.36c
NTA after tax	160.87c

Dividends – 5.5 cents per share fully franked final

On 23 July 2012, the Board announced a fully franked FY2012 final dividend of 5.5 cents per share. This was a 10% increase on the previous year's final dividend.

➤ Dividend ex date	17 September 2012
➤ Dividend record date	21 September 2012
➤ DRP election date	21 September 2012
➤ Dividend payment date	28 September 2012
➤ Last day for Option holders to exercise options in order to be eligible for the dividend	14 September 2012

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. It must also comply with Government legislation and the ATO's interpretation of a company's ability to pay franked dividends. Dividends are paid on a six-monthly basis. Dividend payments will also be made with consideration to cash flow, cash holdings and available franking credits.

The dividend re-investment plan will operate at a 2.5% discount to the weighted average market price of shares sold on the ASX on the books closing date (21 September 2012) and the three trading days preceding that date. To participate in the dividend re-investment plan, please send your election form to our share registrar no later than 21 September 2012. Option holders are required to exercise their options by Friday 14 September to participate in the 5.5 cent final fully franked dividend.



Placement - Offer now closed

On 31 August 2012, the Company allotted 22,885,209 Shares and 22,885,209 Options under the Placement Offer which closed on Friday 24 August 2012. The total amount raised from the Offer was \$36,980,209.

Option issue – 1 for 1 bonus issue

On 2 April 2012, the Board announced a 1 for 1 bonus issue of options to acquire ordinary shares in the capital of the Company. The options have an exercise price of \$1.60 per share and can be exercised at any time on or before 31 July 2013. The options are currently trading on the ASX under the code WAMO.

As at 31 August 2012, 1,683,372 options have been exercised for a total consideration of \$2,693,395 with a remaining balance of outstanding options being 128,021,791.

Market outlook

Reporting season downbeat

The S&P/ASX All Ordinaries Accumulation Index finished up 2.1% for August continuing its good start to the new financial year. Comments from ECB president Mario Draghi that policymakers would do “whatever it takes” to preserve the Eurozone saw markets trade higher. Reporting season was generally good with results better than the markets low expectations. However, FY13 earnings expectations by equity analysts were downgraded by 4%. Outlook and guidance statements provided by companies during reporting season were generally downbeat. Companies highlighted the tough operating environment in sectors exposed to mining, housing and the consumer.

Mining slowdown

BHP Billiton announced that its Olympic Dam mine expansion and Outer Harbour developments have been postponed for the time being. Falling commodity prices and prohibitive development costs in Australia were cited as some of the reasons for not progressing. Drilling services provider, Boart Longyear downgraded its FY12 earnings by 20% due to poor future sales visibility. This company is normally a lead indicator for many listed peers exposed to the mining sector. Fortescue Metals has lowered its capital expenditure budget for FY13 and highlighted some asset sales. This was in response to the plummeting iron ore price which was down 24% for the month. All of this suggests a moderating of growth in the resources sector and possible further earnings downgrades for mining services stocks in FY13. Share prices in mining services companies have already moved lower in anticipation of this occurring.

Although we are conservative in our outlook for equity markets in 2013, volatile equity markets can provide profitable opportunities. Thus we continue to research thoroughly and meet with company management teams to identify such opportunities.

Portfolio structure

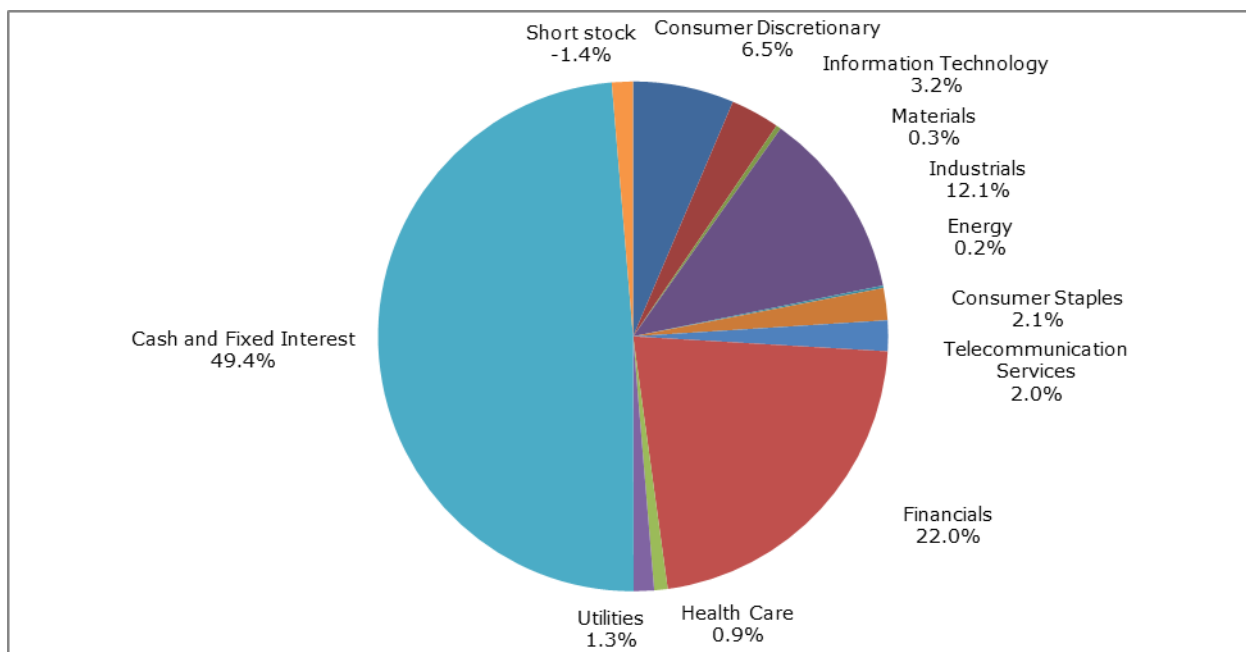
As at 31 August 2012, listed securities made up 50.6% of the portfolio with fixed interest and cash making up the remaining 49.4%. Our focus is on companies with strong earnings per share growth that trade on attractive earnings multiples, are well positioned in growth industries and have proven management. We continue to research thoroughly to identify companies that meet this profile, and carry out over 1,000 company visits a year.

Investment Type	As at 31 July 2012		As at 31 August 2012	
	\$m	%	\$m	%
Listed Equities	106.3	60.6%	111.7	50.6%
Fixed Interest and Cash	69.2	39.4%	108.9	49.4%
Long Portfolio	175.5	100.0%	220.6	100.0%
Short Portfolio	(0.9)	(0.5%)	(3.0)	(1.4%)
Total Fund Size	\$174.6m		\$217.6m	
	No.		No.	
Total ordinary shares on issue	106,897,140		131,388,535	
Total options on issue	106,742,768		128,021,791	

As at 31 August 2012 the major securities held in the portfolio were as follows.

Code	Company	Market Value \$	Market Value as % Gross Assets
CBAPB	CBA Perpetual Exc Resale Listed Sec - PERLS IV	6,434,600	3.0%
ALS	Alesco Corporation Limited	6,211,866	2.9%
IBC	Ironbark Capital Limited	4,587,083	2.1%
BRG	Breville Group Limited	4,254,008	2.0%
ELI	Emerging Leaders Investments Limited	4,083,247	1.9%
RHG	RHG Limited	3,435,135	1.6%
CYG	Coventry Group Limited	3,309,887	1.5%
INA	Ingenia Communities Group	3,053,959	1.4%
CCQ	Contango Capital Partners Limited	2,971,898	1.4%
CYA	Century Australia Investments Limited	2,936,591	1.4%
SDG	Sunland Group Limited	2,817,872	1.3%
SKE	Skilled Group Limited	2,644,341	1.2%
NXT	NEXTDC Limited	2,198,901	1.0%
MMS	McMillan Shakespeare Limited	2,187,432	1.0%
AMM	Amcom Telecommunications Limited	2,155,949	1.0%
AHE	Automotive Holdings Group Limited	2,140,080	1.0%
WEB	Webjet Limited	2,099,434	1.0%
CIF	Challenger Infrastructure Fund	2,067,878	1.0%
SVW	Seven Group Holdings Limited	2,064,015	0.9%
RKN	Reckon Limited	2,035,606	0.9%

Portfolio structure – sector allocation



Performance – yearly comparison to S&P/ASX All Ordinaries Accumulation Index

Set out below is the performance of WAM's investment portfolio since listing to 31 August 2012 on a financial year basis. The performance data is before all expenses, fees and taxes and is used as a guide to the performance of the investment portfolio against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

Financial Year	WAM Investment 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	-3.2%	-22.2%	+19.0%
2009/2010	+29.8%	+13.8%	+16.0%
2010/2011	+17.9%	+12.2%	+5.7%
2011/2012	+4.2%	-7.0%	+11.2%
YTD 2012/2013	+4.4%	+5.9%	-1.5%

Performance - monthly comparison

The table below shows the month by month performance of WAM against the S&P/ASX All Ordinaries Accumulation index.

	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00	Apr 00
Investment Portfolio *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%	+5.4%	+5.3%	-5.7%
S&P/ASX All Ord Accum	-2.5%	-1.2%	+0.5%	+5.4%	+5.6%	-0.7%	+1.9%	+0.5%	-1.5%
	May 00	Jun 00	Jul 00	Aug 00	Sep 00	Oct 00	Nov 00	Dec 00	Jan 01
Investment Portfolio *	-2.9%	+3.6%	+2.9%	+5.2%	-0.7%	+2.5%	+1.9%	+0.1%	+1.7%
S&P/ASX All Ord 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
Investment Portfolio *	-0.2%	-3.7%	+3.9%	+6.7%	+6.9%	-1.0%	+4.6%	-2.9%	+8.6%
S&P/ASX All Ord 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
Investment Portfolio *	+3.8%	+3.3%	+7.0%	+3.1%	+4.9%	-0.4%	+0.7%	-2.2%	-3.0%
S&P/ASX All Ord 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
Investment Portfolio *	+3.9%	-1.1%	+1.1%	+1.6%	+1.5%	+1.3%	-1.7%	-0.4%	+3.8%
S&P/ASX All Ord 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
Investment Portfolio *	+1.5%	+3.5%	+3.6%	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%
S&P/ASX All Ord 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
Investment Portfolio *	+2.7%	+0.1%	-1.3%	-0.8%	+1.0%	+2.4%	+1.2%	+2.5%	+2.9%
S&P/ASX All Ord 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
Investment Portfolio *	+3.3%	+0.7%	+2.7%	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
S&P/ASX All Ord 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
Investment Portfolio *	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%	+4.9%	+5.3%	+2.1%
S&P/ASX All Ord 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
Investment Portfolio *	-2.3%	+0.5%	+0.4%	+3.4%	+2.4%	+4.7%	+3.6%	+6.1%	+3.8%
S&P/ASX All Ord 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
Investment Portfolio *	+0.4%	+1.9%	+2.6%	+4.7%	+3.3%	+0.3%	-4.2%	+1.7%	+3.1%
S&P/ASX All Ord 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
Investment Portfolio *	-4.8%	-1.1%	-9.5%	-1.3%	-5.3%	+1.7%	+2.3%	-7.9%	-1.6%
S&P/ASX All Ord 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
Investment Portfolio *	+1.7%	-5.3%	-9.2%	-5.6%	+3.1%	-1.5%	+1.1%	+2.6%	+5.2%
S&P/ASX All Ord Accum	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%	+8.1%	+6.1%
	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10
Investment Portfolio *	+3.6%	+3.9%	+8.2%	+7.6%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4%
S&P/ASX All Ord Accum	+2.2%	+3.9%	+7.7%	+6.5%	+6.1%	-1.9%	+1.9%	+3.7%	-5.9%
	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sept 10	Oct 10
Investment Portfolio *	-0.5%	+3.7%	+0.8%	-2.4%	+0.7%	+2.5%	+1.5%	+4.4%	+1.4%
S&P/ASX All Ord Accum	+1.8%	+5.8%	-1.2%	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%
	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11
Investment Portfolio *	+2.3%	+3.7%	+1.4%	+2.1%	+0.1%	+1.2%	-1.4%	-2.4%	+0.2%
S&P/ASX All Ord Accum	-0.7%	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%	-1.9%	-2.4%	-3.4%
	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12
Investment Portfolio *	-1.8%	-0.8%	+2.6%	-1.3%	-1.2%	+1.6%	+4.4%	+2.3%	+0.0%
S&P/ASX All Ord Accum	-2.0%	-6.3%	+7.2%	-3.4%	-1.6%	+5.2%	+2.4%	+1.2%	+1.1%
	May 12	Jun 12	Jul 12	Aug 12				Since inception	
Investment Portfolio *	-2.2%	+0.5%	+1.7%	+2.7%					+741.2%
S&P/ASX All Ord Accum	-6.9%	+0.3%	+3.7%	+2.1%					+150.5%

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

For more information

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