



## **WAM CAPITAL LIMITED (WAM)** **INVESTMENT UPDATE & NTA – AUGUST 2008**

WAM Capital Ltd (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.

Since inception in August 1999 WAM has outperformed the overall sharemarket. WAM's portfolio (before all fees, costs, taxes and dividends) has increased by 422.3% compared to a 152.4% increase in the All Ordinaries Accumulation Index.

In August WAM's gross portfolio (before all fees, costs and taxes) increased by 1.74%, while the All Ordinaries Accumulation Index increased by 4.02%.

<b>NTA before tax payable and after tax assets</b>	<b>142.95c</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>142.95c</b>
<b>NTA after tax</b>	<b>141.05c</b>

### **MARKET OUTLOOK**

During August the Australian share market experienced its first positive month in three, with the much maligned Industrial Sector rising strongly on the back of lower interest rates and declining oil prices. In contrast, the resources sector fell sharply after a strong first half to the year. Resource stocks came under pressure due to concerns about world growth slowing, especially China. Until recently, it was hoped the slow down in the USA economy would not impact the fast growing Asian region. These hopes seem to be evaporating rapidly with India, China and Japan all experiencing softer economies. This has impacted heavily on base metal prices and, to a lesser extent, agricultural commodities.

With the prospect of falling commodity prices and lower interest rates we believe the industrial market may find a bottom between now and the end of the year after a torrid 8 months that has seen 40 per cent stripped off their values. Slower world growth, however, is usually not a good sign for resource stocks and we expect Australia's mining companies may struggle to find support in the near to medium term.

### **Share Buy-Back**

The Board regularly reviews the capital structure of the Company. It has also been the Boards policy to pay a growing stream of fully franked dividends to shareholders on a six-monthly basis.

The Directors are acutely aware of the adverse impact the inability to maintain a 6 monthly dividend, in line with recent payments, may have on shareholders. Accordingly, the Directors

have reviewed various options aimed at the return of funds to shareholders including that of a share buy-back.

As a result, the Board has announced an equal access buy-back scheme. Eligible shareholders may tender up to 5.8% of their shareholding at the record date at a price of \$1.38 per share. The record date for participation is 8 October 2008. Shares will trade on an "ex" basis 1 October 2008.

No shareholder will be obliged to participate in the buy-back. Shareholders who wish to participate will need to accept by 30 October 2008. Payment for shares bought back will be made 7 November 2008.

Further details will be provided in the buy-back booklet to be sent to shareholders next month.

## **PERFORMANCE**

Set out below is the performance of WAM Capital Limited since listing to **30 June 2008**:

	Gross Portfolio*	All Ords. 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%

Set out below is the performance of WAM Capital Limited since listing to **31 August 2008**:

Annualised performance	Gross Portfolio*	All Ords. Accumulation Index	Outperformance
1 year	-19.8%	-13.1%	-6.7%
3 years	+10.0%	+10.1%	-0.1%
5 years	+13.5%	+14.8%	-1.3%
7 years	+16.8%	+11.5%	+5.3%
Since inception	+20.0%	+10.7%	+9.2%

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

## **PORTFOLIO STRUCTURE & STRATEGY**

As at 31 August 2008, listed securities made up approximately 55.9% of the portfolio, while fixed interest and cash made up the remaining 44.1%. 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 research heavily to find companies that meet this profile.

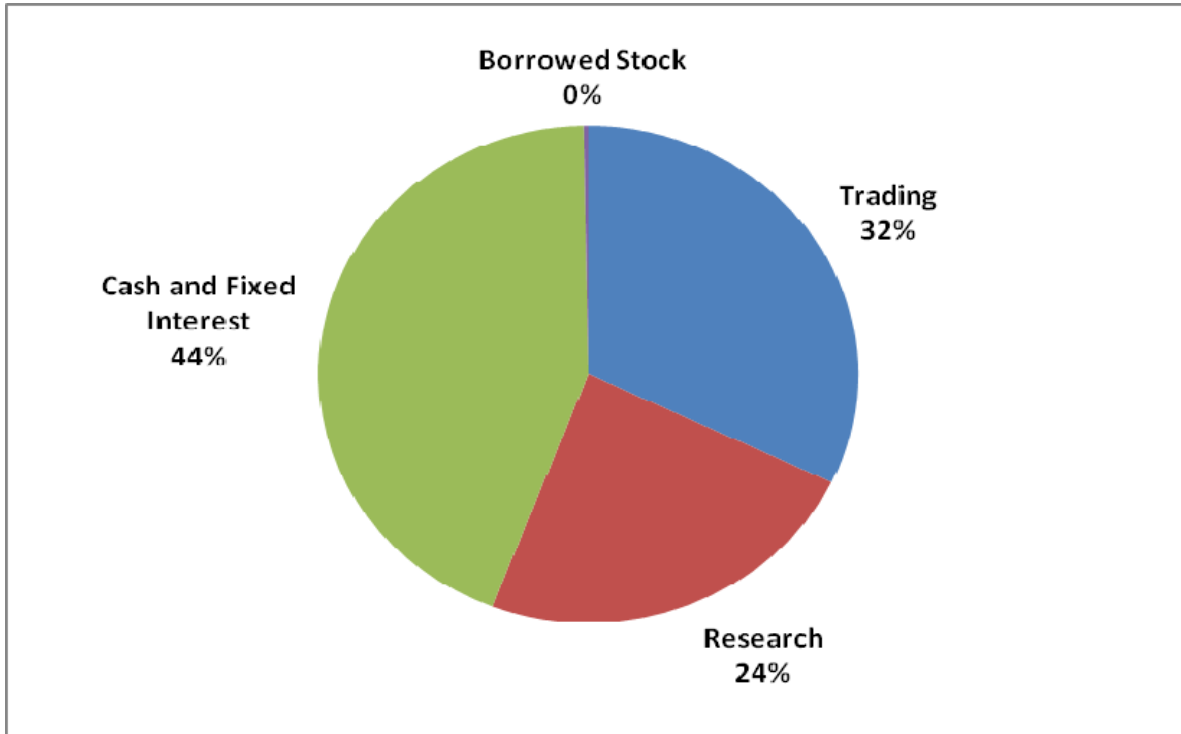
## **PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)**

<b>Investment Type</b>	<b>As at 31 July 2008</b>		<b>As at 31 August 2008</b>	
	<b>\$m</b>	<b>%</b>	<b>\$m</b>	<b>%</b>
Listed Equities	78.51	53.8%	82.38	55.9%
Fixed Interest and Cash	67.35	46.2%	64.81	44.1%
<b>Long Portfolio</b>	<b>145.86</b>	<b>100.0%</b>	<b>147.19</b>	<b>100.0%</b>
<b>Short Portfolio</b>	<b>(1.49)</b>	<b>100.0%</b>	<b>(0.44)</b>	<b>100.0%</b>
	<b>No.</b>		<b>No.</b>	
<b>Total no. of ord shares on issue</b>	106,158,940		106,158,940	

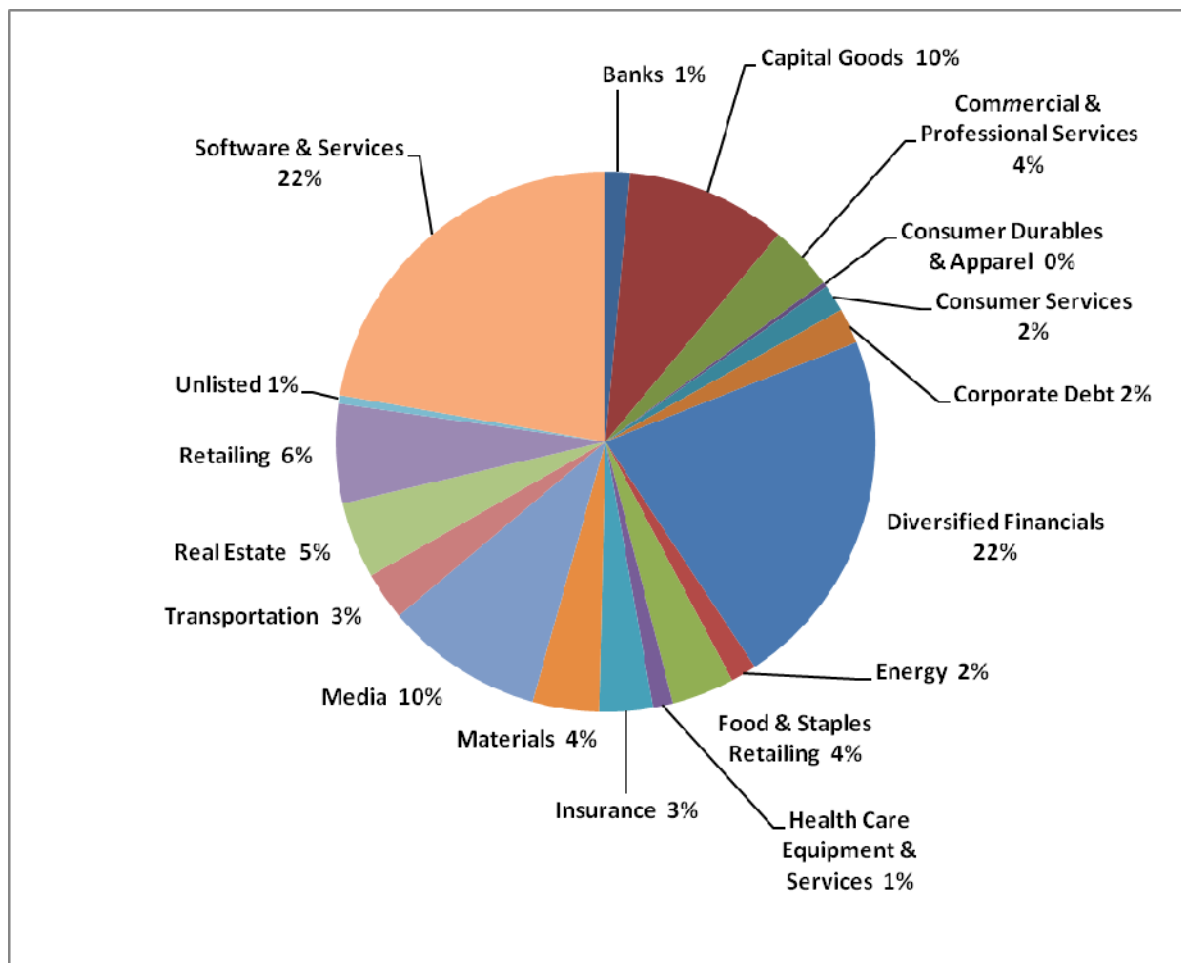
At 31 August 2008 the major securities held in the portfolio were:

<b>CODE</b>	<b>COMPANY</b>	<b>MARKET VALUE \$</b>
AMP	AMP Limited	1,440,720
ASX	ASX Limited	2,683,824
ASZ	ASG Group Limited	1,367,295
BOQPB	Bank of Queensland Reset Prefs	1,704,623
BSL	Bluescope Steel Limited	1,310,660
CLO	Clough Limited	1,640,951
CPU	Computershare Limited	2,185,575
ESV	Eservglobal Limited	1,548,585
HAP	HFA Accelerator Plus Limited	1,837,022
HFA	HFA Holdings Limited	3,044,280
HGI	Henderson Group PLC	1,283,977
ITX	ITX Group Limited	1,508,422
KBC	Keybridge Capital Limited	1,564,638
LLC	Lend Lease Corporation Limited	1,598,040
MCQ	Macquarie Capital Alliance Group	1,771,046
MCU	Mitchell Communications Group Limited	2,081,895
MLB	Melbourne IT Limited	3,888,552
MLE	Macquarie Leisure Trust Group	1,160,588
MMS	McMillan Shakespeare Limited	2,388,736
NOD	Nomad Building Solutions Limited	1,962,789
PGA	Photon Group Limited	2,764,017
RKN	Reckon Limited	6,525,906
RRA	RR Australia Limited	1,949,442
RTN	Rattoon Holdings Limited	1,171,794
SEV	Seven Network Limited	1,629,090
SSM	Service Stream Limited	1,819,404
TOL	Toll Holdings Limited	1,560,780
TWR	Tower Limited	1,208,265
WOW	Woolworths Limited	1,956,840

## **PORTFOLIO STRUCTURE - ASSET ALLOCATION**



## **PORTFOLIO STRUCTURE - SECTOR ALLOCATION**



## PERFORMANCE TABLE

	<b>Aug 99</b>	<b>Sep 99</b>	<b>Oct 99</b>	<b>Nov 99</b>	<b>Dec 99</b>	<b>Jan 00</b>	<b>Feb 00</b>	<b>Mar 00</b>
Gross Portfolio *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%	+5.4%	+5.3%
All Ordinaries Accum.	-1.9%	-1.7%	+0.5%	+5.9%	+3.7%	-1.8%	+1.6%	+0.5%
	<b>Apr 00</b>	<b>May 00</b>	<b>Jun 00</b>	<b>Jul 00</b>	<b>Aug 00</b>	<b>Sep 00</b>	<b>Oct 00</b>	<b>Nov 00</b>
Gross Portfolio *	-5.7%	-2.9%	+3.6%	+2.9%	+5.2%	-0.7%	+2.5%	+1.9%
All Ordinaries Accum.	-1.5%	-1.3%	+7.7%	-1.3%	+1.7%	+0.2%	-1.1%	+1.1%
	<b>Dec 00</b>	<b>Jan 01</b>	<b>Feb 01</b>	<b>Mar 01</b>	<b>Apr 01</b>	<b>May 01</b>	<b>Jun 01</b>	<b>July 01</b>
Gross Portfolio *	+0.1%	+1.7%	-0.2%	- 3.7%	+3.9%	+6.7%	+6.9%	-1.0%
All Ordinaries Accum.	-2.0%	+4.4%	-0.2%	- 4.8%	+5.7%	+1.6%	+3.8%	-4.5%
	<b>Aug 01</b>	<b>Sep 01</b>	<b>Oct 01</b>	<b>Nov 01</b>	<b>Dec 01</b>	<b>Jan 02</b>	<b>Feb 02</b>	<b>Mar 02</b>
Gross Portfolio *	+4.6%	-2.9%	+8.6%	+3.8%	+3.3%	+7.0%	+3.1%	+4.9%
All Ordinaries Accum.	-1.3%	-6.7%	+6.8%	+3.4%	+2.7%	+1.3%	-1.1%	+0.8%
	<b>Apr 02</b>	<b>May 02</b>	<b>Jun 02</b>	<b>Jul 02</b>	<b>Aug 02</b>	<b>Sep 02</b>	<b>Oct 02</b>	<b>Nov 02</b>
Gross Portfolio *	-0.4%	+0.7%	-2.2%	-3.0%	+3.9%	-1.1%	+1.1%	+1.6%
All Ordinaries Accum.	-1.8%	+0.9%	-4.4%	-4.1%	+1.8%	-4.1%	+2.6%	+1.5%
	<b>Dec 02</b>	<b>Jan 03</b>	<b>Feb 03</b>	<b>Mar 03</b>	<b>Apr 03</b>	<b>May 03</b>	<b>Jun 03</b>	<b>Jul 03</b>
Gross Portfolio *	+1.5%	+1.3%	-1.7%	-0.4%	+3.8%	+1.5%	+3.5%	+3.6%
All Ordinaries Accum.	-1.5%	-1.3%	-5.1%	+3.4%	+4.4%	+0.5%	+1.3%	+3.6%
	<b>Aug 03</b>	<b>Sept 03</b>	<b>Oct 03</b>	<b>Nov 03</b>	<b>Dec 03</b>	<b>Jan 04</b>	<b>Feb 04</b>	<b>Mar 04</b>
Gross Portfolio *	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%	+2.7%	+0.1%
All Ordinaries Accum.	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%	+3.1%	+2.0%
	<b>Apr 04</b>	<b>May 04</b>	<b>Jun 04</b>	<b>Jul 04</b>	<b>Aug 04</b>	<b>Sep 04</b>	<b>Oct 04</b>	<b>Nov 04</b>
Gross Portfolio *	-1.3%	-0.8%	+1.0%	+2.4%	+1.2%	+2.5%	+2.9%	+3.3%
All Ordinaries Accum.	-0.1%	+1.6%	+2.7%	+0.6%	+1.1%	+3.8%	+3.1%	+4.6%
	<b>Dec 04</b>	<b>Jan 05</b>	<b>Feb 05</b>	<b>Mar 05</b>	<b>Apr 05</b>	<b>May 05</b>	<b>Jun 05</b>	<b>Jul 05</b>
Gross Portfolio *	+0.7%	+2.7%	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+3.0%	+1.3%	+1.8%	-0.7%	-3.8%	+3.4%	+4.5%	+2.8%
	<b>Aug 05</b>	<b>Sep 05</b>	<b>Oct 05</b>	<b>Nov 05</b>	<b>Dec 05</b>	<b>Jan 06</b>	<b>Feb 06</b>	<b>Mar 06</b>
Gross Portfolio *	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%	+4.9%	+5.3%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%	+0.7%	+4.8%
	<b>Apr 06</b>	<b>May 06</b>	<b>Jun 06</b>	<b>Jul 06</b>	<b>Aug 06</b>	<b>Sep 06</b>	<b>Oct 06</b>	<b>Nov 06</b>
Gross Portfolio *	+2.1%	-2.3%	+0.5%	+0.4%	+3.4%	+2.4%	+4.7%	+3.6%
All Ordinaries Accum.	+2.4%	-4.3%	+1.9%	-1.5%	+3.2%	+1.3%	+4.8%	+2.5%
	<b>Dec 06</b>	<b>Jan 07</b>	<b>Feb 07</b>	<b>Mar 07</b>	<b>Apr 07</b>	<b>May 07</b>	<b>Jun 07</b>	<b>Jul 07</b>
Gross Portfolio *	+6.1%	+3.8%	+0.4%	+1.9%	+2.6%	+4.7%	+3.3%	+0.3%
All Ordinaries Accum.	+3.6%	+2.0%	+1.6%	+3.3%	+3.0%	+3.2%	-0.1%	-1.9%
	<b>Aug 07</b>	<b>Sep 07</b>	<b>Oct 07</b>	<b>Nov 07</b>	<b>Dec 07</b>	<b>Jan 08</b>	<b>Feb 08</b>	<b>Mar 08</b>
Gross Portfolio *	-4.2%	+1.7%	+3.1%	-4.8%	-1.1%	-9.5%	-1.3%	-5.3%
All Ordinaries Accum.	+1.7%	+5.8%	+3.1%	-2.4%	-2.4%	-11.2%	+0.3%	-4.1%
	<b>Apr 08</b>	<b>May 08</b>	<b>Jun 08</b>	<b>Jul 08</b>	<b>Aug 08</b>			<b>Since Inception</b>
Gross Portfolio *	+1.7%	+2.3%	-7.9%	-1.7%	+1.7%			+422.3%
All Ordinaries Accum.	+4.6%	+2.4%	-7.3%	-5.2%	+4.0%			+152.4%

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

For further information please contact Mr Geoff Wilson or Mr Matthew Kidman on (02) 9247 6755

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