

# Investment Update & Net Tangible Assets Report

AS AT 31 AUGUST 2014



## Performance

Performance at 31 August 2014	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	3.0%	6.7%	5.3%	16.4%	17.7%	16.1%	14.0%	18.2%
S&P/ASX All Ordinaries Accumulation Index	0.7%	6.0%	5.2%	14.4%	13.6%	9.1%	9.2%	8.7%
<b>Outperformance</b>	<b>+2.3%</b>	<b>+0.7%</b>	<b>+0.1%</b>	<b>+2.0%</b>	<b>+4.1%</b>	<b>+7.0%</b>	<b>+4.8%</b>	<b>+9.5%</b>

\* Investment performance and Index returns are before expenses, fees and taxes.

## Net Tangible Assets (NTA) figures

NTA before tax	<b>185.23c</b>
NTA after tax and before tax on unrealised gains	<b>187.18c</b> *
NTA after tax	<b>181.14c</b> *

\* Includes 2.6 cents of tax assets resulting from the merger with Premium Investors.

## Market overview

The strong start to the new financial year continued throughout August with the S&P/ASX All Ordinaries Accumulation Index rising 0.7% for the month after the local sharemarket reached a six year high mid-month.

In the US, the S&P 500 Index reached another record high, inching above 2000 points for the first time in history. Since its most recent low of 666 points in March 2009, the US market is now up 200% in the last five and a half years. US Federal Reserve Chair Janet Yellen made an economic address at Jackson Hole during the month, giving little indication as to the direction of short term US interest rates. Investor sentiment suggests interest rate tightening will commence in early 2015.

Locally, August was dominated by annual company reporting season with results broadly in line with our low expectations. Many companies have concluded lengthy cost-cutting programs and while we typically expect to see a return to strong revenue growth at this point in the market cycle, this is yet to materialise. We remain cautious in our short term view of the Australian equity market. While consumer spending and business confidence remain subdued, we expect historically low interest rates to stimulate economic activity over the medium to longer term.

### WAM Capital Limited

ASX Code	<b>WAM</b>
Listed	<b>Aug 1999</b>
Gross assets	<b>\$641.3m</b>
Market cap	<b>\$701.6m</b>
Share price	<b>\$2.06</b>
NTA before tax	<b>\$1.85</b>
Shares on issue	<b>340,603,969</b>
Fully franked dividends (FY2014)	<b>13.0c</b>
Dividend yield	<b>6.3%</b>

### Investment objectives

- Deliver investors a rising stream of fully franked dividends
- Provide capital growth
- Preserve capital

### Company overview

WAM Capital Limited (ASX: WAM), one of Australia's leading Listed Investment Companies, is managed by Wilson Asset Management. Listed in August 1999, WAM provides investors with exposure to an actively managed diversified portfolio of undervalued growth companies, which are generally small-to-medium sized industrial companies listed on the Australian Securities Exchange. WAM also provides exposure to relative value arbitrages and market mispricing opportunities.

### Investment & Management Team

**Geoff Wilson**  
Chairman/Portfolio Manager

**Kate Thorley**  
Chief Executive Officer/  
Company Secretary

**Chris Stott**  
Chief Investment Officer/  
Portfolio Manager

**Martin Hickson**  
Senior Equity Analyst/Dealer

**Matthew Haupt**  
Senior Equity Analyst

**Tobias Yao**  
Equity Analyst

**Judith Buchan**  
Head of Corporate Affairs

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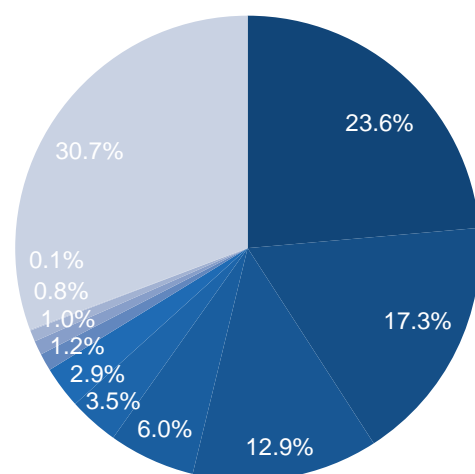
## Diversified portfolio

Investment Type	July 2014		August 2014	
	\$m	%	\$m	%
Listed Equities	476.8	76.6	444.5	69.3
Fixed Interest & Cash	145.6	23.4	196.8	30.7
Long Portfolio	622.4	100.0%	641.3	100.0%
Short Portfolio	(0.0)	(0.0)	(0.0)	(0.0)
Gross Assets	\$622.4m		\$641.3m	
Total shares on issue	340,603,969		340,603,969	

## Top holdings

Code	Company	Market Value as % Gross Assets
CBAPA	CBA Perpetual Exc Resale Listed Sec - PERLS V	3.0%
SGH	Slater & Gordon Limited	2.3%
CYA	Century Australia Investments Limited	2.2%
VED	Veda Group Limited	2.2%
HHV	Hunter Hall Global Value Limited	1.8%
MQA	Macquarie Atlas Roads Group	1.7%
WBCPB	WBC Stapled Preferred Security II	1.6%
GXL	Greencross Limited	1.6%
CSV	CSG Limited	1.5%
AHE	Automotive Holdings Group Limited	1.5%
TNE	Technology One Limited	1.4%
MTR	Mantra Group Limited	1.4%
IFL	IOOF Holdings Limited	1.3%
HIL	Hills Limited	1.3%
IFM	Infomedia Limited	1.3%
IPE	IPE Limited	1.3%
GMA	Genworth Mortgage Insurance Australia Limited	1.3%
MYR	Myer Holdings Limited	1.3%
AAD	Ardent Leisure Group	1.1%
WIC	Westoz Investment Company Limited	1.1%

## Sector allocation



- Financials: 23.6%
- Consumer Discretionary: 17.3%
- Industrials: 12.9%
- Information Technology: 6.0%
- Health Care: 3.5%
- Telecommunication Services: 2.9%
- Consumer Staples: 1.2%
- Utilities: 1.0%
- Materials: 0.8%
- Energy: 0.1%
- Cash and Fixed Interest: 30.7%

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## Dividend growth

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.

## WAM Capital dividends since inception



On 28 July 2014, the Company announced a fully franked final dividend of 6.5 cents per share. This brings the full year fully franked dividend to 13.0 cents per share, an increase of 8.3% on the previous corresponding period.

The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the final dividend. To participate in the DRP, shareholders should send their DRP Election Form to the Company's share registrar (Boardroom) no later than 10 October 2014.

## Key dividend dates

Ex date:	7 October 2014
Record date:	9 October 2014
Last election date for DRP:	10 October 2014
Payment date:	17 October 2014