



WAM CAPITAL LTD (WAM)
ABN 34 086 587 395
INVESTMENT UPDATE & NTA – DECEMBER 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 on identifying undervalued growth company's, these are generally found in the small to medium size industrial companies sector.

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 655.19% compared to a 129.9% increase in the S&P/ASX All Ordinaries Accumulation Index.

Performance as at 31 December 2011	1 Mth %	6 Mths %	Fin Ytd %	1 Year %	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Capital*	-1.2%	-2.3%	-2.3%	-1.4%	+20.0%	+5.6%	+14.3%	+17.7%
S&P/ASX All Ordinaries Accumulation Index	-1.6%	-9.6%	-9.6%	-11.4%	+8.5%	-2.1%	+6.3%	+6.9%
Outperformance	+0.4%	+7.3%	+7.3%	+10.0%	+11.5%	+7.7%	+8.0%	+10.8%

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

NTA before tax	157.27c
NTA after tax and before tax on unrealised gains	158.30c*
NTA after tax	155.20c**

*Includes tax assets of 1.03 cents per share

**Includes the net effect of 1.03 cents of tax assets and 3.10 cents of deferred tax liabilities

Market Outlook

The markets finished 2011 with a whimper with the S&P/ASX All Ordinaries Accumulation Index down 1.6% for December and down 11.4% for the calendar year 2011. The RBA cut rates by 0.25% at the start of the month which followed up the Melbourne Day rate cut but this did little to improve investor sentiment with retail stocks underperforming. The current European Sovereign debt crisis continued to weigh on equity markets and investor confidence, as it has done for much of year it, which counteracted any positive feeling from the rate cut domestically. A robust solution still has to be found, despite EU heads of state outlining new/improved measures at a meeting in early December. Thus this issue won't be far from investors

Market Outlook (continued)

minds for the first part of 2012 and may continue to weigh on global equity markets generally.

The struggles of Australian retailers were drawn into even sharper focus this month with profit downgrades by Billabong, JB Hi-Fi and Kathmandu. This highlights how the broader economy is struggling excluding the mining sector. With half yearly results due in late January and early February, we expect more negative surprises rather than positive from companies reporting. Given the current headwinds facing equity markets and the global economy, we are maintaining higher than average cash levels while continuing to rigorously research for companies that meet our investment criteria.

Dividends

On 15 September 2011, the company paid a fully franked final dividend of 5.0 cents per share. This brought the FY2011 dividend to 10.0 cents per share fully franked.

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. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits.

Providing the company is deemed solvent by the Board, WAM should always be in a position to pay dividends.

Portfolio Structure

As at 31 December 2011, listed securities made up 46.8% of the portfolio, while fixed interest and cash made up the remaining 53.2%. 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 in an attempt to identify companies that meet this profile, with over 700 company visits a year.

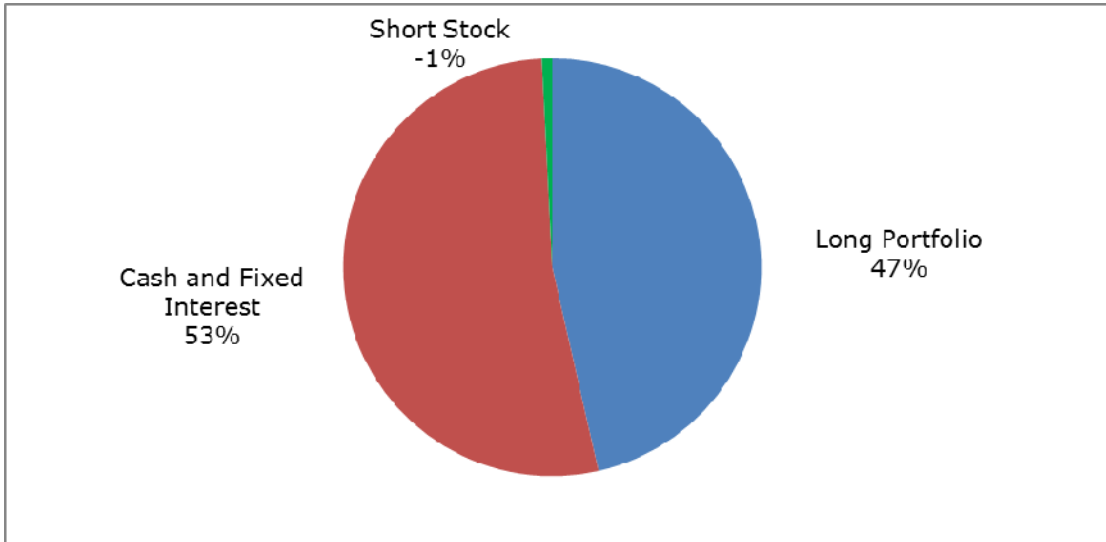
Investment Type	As at 30 November 2011		As at 31 December 2011	
	\$m	%	\$m	%
Listed Equities	107.9	63.4%	79.0	46.8%
Fixed Interest and Cash	62.2	36.6%	89.8	53.2%
Long Portfolio	170.1	100.0%	168.8	100.0%
Short Portfolio	(0.7)		(1.3)	
Total Fund Size	\$169.4m		\$167.5m	
	No.		No.	
Total ordinary shares on issue	105,899,497		105,899,497	

Portfolio Structure (continued)

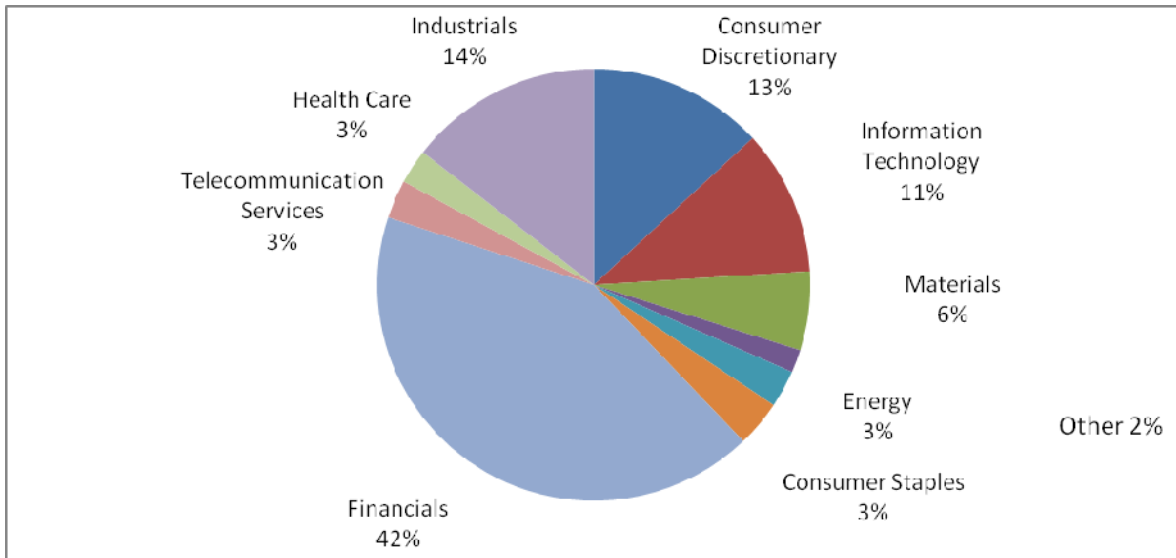
At 31 December 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
RKN	Reckon Limited	6,915,617	4.1%
SGI	Signature Capital Investments Limited	7,165,613	4.3%
ELI	Emerging Leaders Investments Limited	4,213,179	2.5%
MMS	McMillan Shakespeare Limited	3,135,857	1.9%
MYS	Mystate Limited	2,752,478	1.6%
CCQ	Contango Capital Partners Limited	2,633,237	1.6%
BRG	Breville Group Limited	2,229,258	1.3%
MSF	Maryborough Sugar Factory Limited (The)	2,053,101	1.2%
BSL	Bluescope Steel Limited	1,933,065	1.2%
RHG	RHG Limited	1,772,923	1.1%
RCR	RCR Tomlinson Limited	1,749,520	1.0%
WBC	Westpac Banking Corporation	1,702,000	1.0%
NAB	National Australia Bank Limited	1,694,067	1.0%
SDG	Sunland Group Limited	1,676,364	1.0%
NHC	New Hope Corporation Limited	1,660,228	1.0%
SGN	STW Communications Group Limited	1,495,895	0.9%
IMFG	IMF (Australia) Ltd 10.25% Conv Note Dec 2014	1,434,195	0.9%
CIW	Clime Investment Management Limited	1,423,148	0.9%
BKL	Blackmores Limited	1,344,830	0.8%
SAI	SAI Global Limited	1,331,055	0.8%

Portfolio Structure – Gross Asset Allocation



Long Portfolio Structure – Sector Allocation



Performance

Set out below is the performance of WAM since listing to 31 December 2011 on a financial year basis. The performance data is 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	-2.3%	-9.6%	+7.3%

Monthly Performance Table

	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00	Apr 00
WAM Capital *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%	+5.4%	+5.3%	-5.7%
All Ordinaries 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
WAM Capital *	-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
WAM Capital *	-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
WAM Capital *	+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
WAM Capital *	+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
WAM Capital *	+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
WAM Capital *	+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
WAM Capital *	+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
WAM Capital *	+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
WAM Capital *	-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
WAM Capital *	+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
WAM Capital *	-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
WAM Capital *	+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%
	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10
WAM Capital *	+3.6%	+4.1%	+8.2%	+7.6%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4%
All Ordinaries 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
WAM Capital *	-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	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11
WAM Capital *	+2.3%	+3.7%	+1.4%	+2.1%	+0.1%	+1.2%	-1.4%	-2.4%	+0.2%
All Ordinaries 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	Since inception
WAM Capital *	-1.8%	-0.8%	+2.6%	-1.3%	-1.2%				655.2%
All Ordinaries Accum.	-2.0%	-6.3%	+7.2%	-3.4%	-1.6%				129.9%

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

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