

Investment Update & Net Tangible Assets Report

AS AT 31 DECEMBER 2013



Performance

| Performance at 31 December 2013 | 1 Mth | Fin YTD | 1 Yr | 3 Yrs %pa | 5 Yrs %pa | 10 Yrs %pa | Since Inception %pa (Aug-99) |
|---|--------------|--------------|--------------|--------------|--------------|--------------|------------------------------|
| WAM Investment Portfolio ¹ | -0.5% | 14.2% | 22.8% | 13.8% | 20.9% | 13.7% | 18.3% |
| S&P/ASX All Ordinaries Accumulation Index | 0.9% | 14.6% | 19.7% | 8.0% | 12.7% | 9.4% | 8.6% |
| Outperformance | -1.4% | -0.4% | +3.1% | +5.8% | +8.2% | +4.3% | +9.7% |

¹Investment performance and Index returns are before expenses, fees and taxes.

Net Tangible Assets (NTA) figures

| | |
|--|----------------------------|
| NTA before tax | 179.45c |
| NTA after tax and before tax on unrealised gains | 181.61c¹ |
| NTA after tax | 176.08c¹ |

¹Includes 3.2 cents of tax assets resulting from the merger with Premium Investors.

Market overview

After the market's poor start to December, the forecast 'Christmas Rally' bore out with the S&P/ASX All Ordinaries Accumulation Index ('Index') closing up 0.9% for the month. The market's December gains added to its overall strong performance in calendar year 2013 with the Index up 19.7% for the year. The 2013 calendar year marked the Index's biggest one year rise since calendar year 2009.

In December, local and international markets maintained their strong appetite for Initial Public Offerings ('IPOs') with 33 companies listing on the Australian Securities Exchange ('ASX') raising \$18.5 billion. A total of 61 companies floated on the ASX in calendar year 2013 to raise a total of \$56.9 billion - an increase of 17.8% on the previous year. We expect that the surge in IPOs will be followed by an increase in corporate Merger and Acquisition activity in Australia in 2014. Our forecast is contingent on clear signals that economic activity is picking up and so providing company boards with greater confidence in the underlying strength of their businesses.

We remain quite cautious in our outlook for the year ahead and anticipate a more subdued performance for Australian and global equity markets. The main reason for this view is that over the last 12 to 18 months company price to earnings (P/E) multiples have expanded significantly while earnings growth has remained anaemic. We will be more positive in our outlook for the market once we start to see a growth in earnings - a thematic we will be watching carefully during next month's reporting season.

WAM Capital Limited

| | |
|----------------------------------|--------------------|
| ASX Code | WAM |
| Listed | Aug 1999 |
| Gross assets | \$604.8m |
| Market cap | \$658.2m |
| Share price | \$1.96 |
| NTA before tax | \$1.79 |
| Shares on issue | 335,818,987 |
| Fully franked dividends (FY2013) | 12.0c |
| Dividend yield | 6.1% |

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 arbitrage 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
Equity Analyst

Mark Tobin
Equity Analyst

Meredith Hemsley
Corporate Affairs

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AS AT 31 DECEMBER 2013



Diversified portfolio

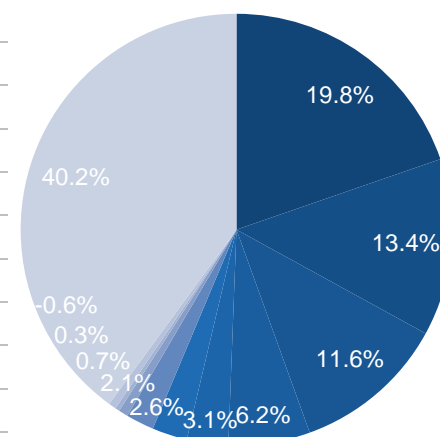
| Investment Type | November 2013 | | December 2013 | |
|-----------------------|---------------|--------|---------------|--------|
| | \$m | % | \$m | % |
| Listed Equities | 433.2 | 70.4 | 363.8 | 59.8 |
| Fixed Interest & Cash | 182.3 | 29.6 | 244.4 | 40.2 |
| Long Portfolio | 615.5 | 100.0% | 608.2 | 100.0% |
| Short Portfolio | (3.2) | (0.5) | (3.4) | (0.6) |
| Gross Assets | \$612.3m | | \$604.8m* | |
| Total shares on issue | 335,818,987 | | 335,818,987 | |

* This is after the payment of \$4.6 million of tax during the month.

Top holdings

| Code | Company | Market Value as % Gross Assets |
|------|--|--------------------------------|
| AOG | Aveo Group Limited (formerly FKP Property Group) | 3.4% |
| CYA | Century Australia Investments Limited | 2.1% |
| SGH | Slater & Gordon Limited | 1.9% |
| WIC | Westoz Investment Company Limited | 1.8% |
| AHE | Automotive Holdings Group Limited | 1.6% |
| MQG | Macquarie Group Limited | 1.6% |
| NEA | Nearmap Limited | 1.4% |
| IPE | ING Private Equity Access Limited | 1.4% |
| HIL | Hills Holdings Limited | 1.4% |
| ELI | Emerging Leaders Investments Limited | 1.3% |
| BKW | Brickworks Limited | 1.3% |
| NXT | NEXTDC Limited | 1.2% |
| SGN | STW Communications Group Limited | 1.2% |
| CSR | CSR Limited | 1.2% |
| CYG | Coventry Group Limited | 1.1% |
| GWA | GWA Group Limited | 1.1% |
| JBH | JB Hi-Fi Limited | 1.1% |
| MQA | Macquarie Atlas Roads Group | 1.1% |
| DJS | David Jones Limited | 1.1% |
| CSV | CSG Limited | 1.1% |

Sector allocation



- Financials: 19.8%
- Consumer Discretionary: 13.4%
- Industrials: 11.6%
- Information Technology: 6.2%
- Materials: 3.1%
- Telecommunication Services: 2.6%
- Consumer Staples: 2.1%
- Health Care: 0.7%
- Energy: 0.3%
- Short stock: -0.6%
- Cash and Fixed Interest: 40.2%

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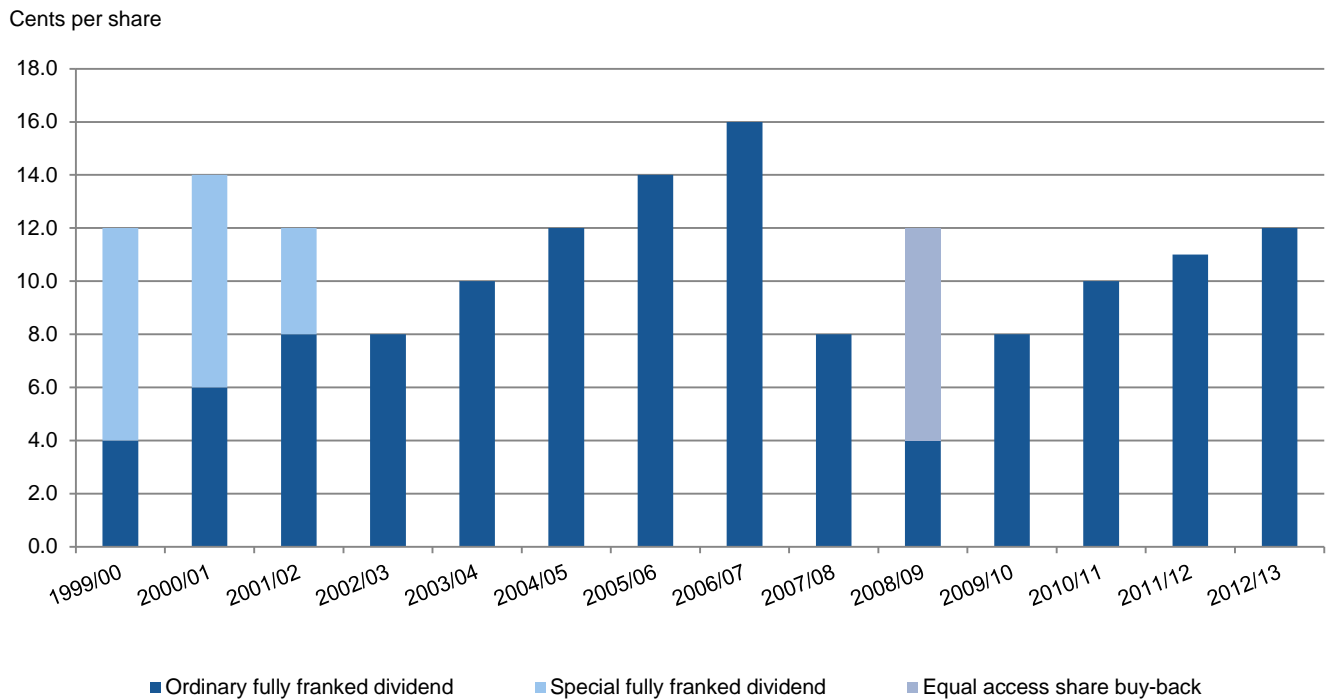
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Dividend growth

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. 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 18 October 2013, the Company paid a fully franked final dividend of 6.0 cents per share, an increase of 9.1% on the previous corresponding period. The final dividend brings the total dividend for FY2013 to 12.0 cents per share and represents a fully franked annual dividend yield of 6.1%, based on the last closing price.