



WAM CAPITAL LTD (WAM)
ABN 34 086 587 395
INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT
FEBRUARY 2013

Company overview

WAM is a listed investment company that provides investors exposure to an actively managed diversified portfolio that concentrates on identifying undervalued growth companies. These are generally found in the small to medium industrial sector. WAM also provides exposure to relative value arbitrage and market mispricing opportunities.

Investment objective

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 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 28 February 2013	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	+4.5%	+20.1%	+25.4%	+26.0%	+16.5%	+11.9%	+15.7%	+18.6%
S&P/ASX All Ordinaries Accumulation Index	+5.2%	+20.5%	+27.7%	+21.9%	+7.8%	+2.4%	+10.9%	+8.5%
Outperformance	-0.7%	-0.4%	-2.3%	+4.1%	+8.7%	+9.5%	+4.8%	+10.1%

Consolidated Net Tangible Asset (NTA) figures

The following NTA figures are consolidated to include assets of Premium Investors, a 100% owned subsidiary of WAM. The figures below have not been adjusted for the 133,371,114 remaining options on issue with an exercise price of \$1.60 per share.

NTA before tax	186.60c
NTA after tax and before tax on unrealised gains	190.28c*
NTA after tax	183.90c*

* Includes 6.9 cents of tax assets resulting from the merger with Premium Investors.

Dividends – 6.0 cents per share fully franked interim

On 25 February 2013, the Company announced a fully franked interim dividend of 6.0 cents per share. This is a 9.1% increase on the previous year's interim dividend and represents an annualised fully franked dividend yield of 7.0% based on the last sale price.

➤ Dividend ex date	17 April 2013
➤ Dividend record date	23 April 2013
➤ DRP election date	23 April 2013
➤ Dividend payment date	30 April 2013
➤ Last day for Option holders to exercise options in order to be eligible for the dividend	16 April 2013

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 and cash holdings.

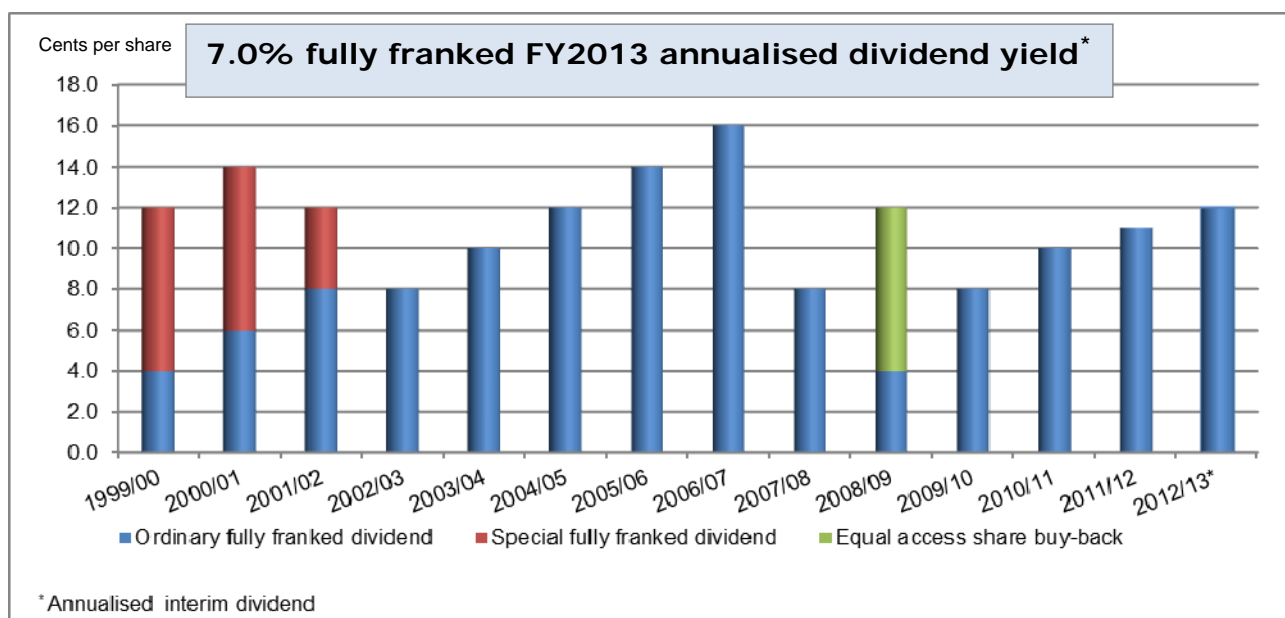
WAM Capital options

Option holders are required to exercise their options by 16th April 2013 to be eligible for the 6.0 cent fully franked interim dividend.

Dividend re-investment plan (DRP)

The dividend re-investment plan (DRP) will operate for the interim dividend at a 2.5% discount. To participate in the DRP, please send your election form to our share registrar no later than 23 April 2013. Further details are included in the DRP rules available on our website.

WAM Capital Dividends



*Based on the 14 March 2013 closing price.

Option 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. Further options were issued as part of the placement in August 2012 and the merger with Premium Investors.

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 give shareholders the right but not the obligation to subscribe for shares in WAM at \$1.60 per share. The options can be exercised in full or in part. The options are currently trading on the ASX under the code WAMO.

As at 28 February 2013, 28,540,764 options have been exercised for a total consideration of \$45,665,222. The remaining balance of outstanding options is 133,371,114.

Market outlook

In February the S&P/ASX All Ordinaries Accumulation Index finished up 5.2% continuing the strong rally in the Australian equity market which started in June last year. The market has closed higher 13 out of the last 14 months and is now at 4 year highs. Much of the recent share price rise has been price to earnings ratio expansion reflecting a dramatic shift in investor sentiment.

Reporting season concluded at the end of the February. The key theme was that profit growth has come mostly from reduced costs rather than higher revenue. Outlook statements remained cautious with companies noting stabilisation in their respective markets rather than a concerted upswing in trading conditions. There were hints of optimism from sectors such as retail and housing construction with both sectors seeing patchy improvement.

Portfolio structure

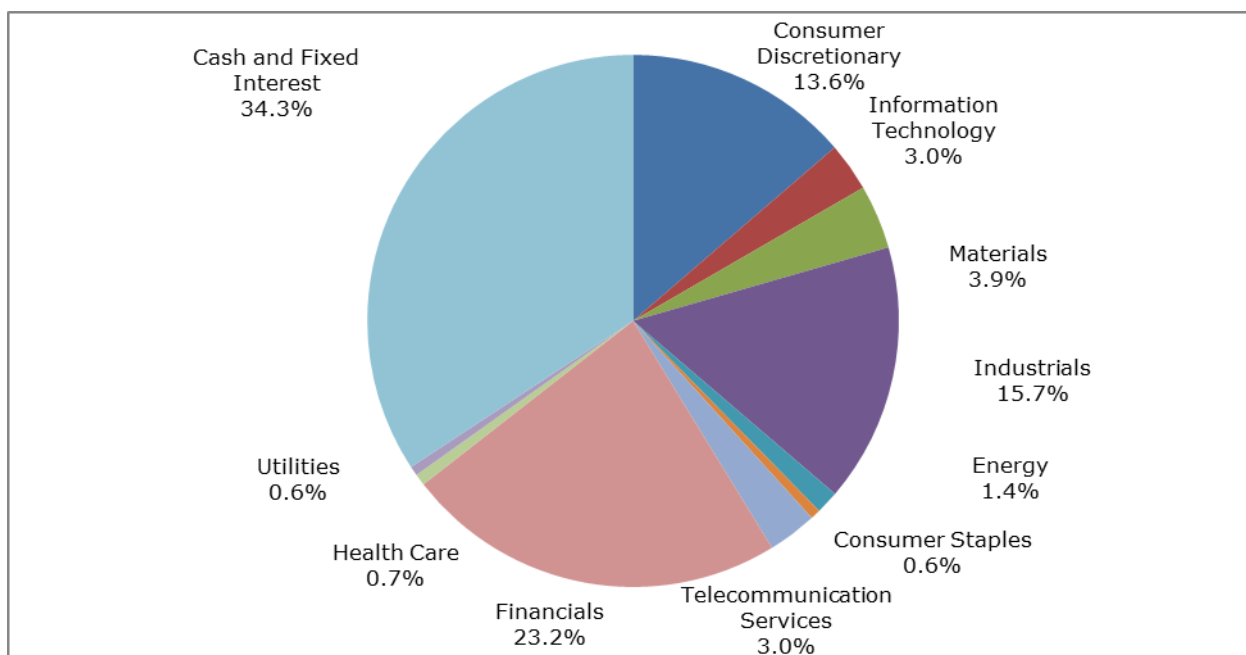
Investment Type	As at 31 January 2013		As at 28 February 2013	
	\$m	%	\$m	%
Listed Equities	236.1	74.4%	235.8	65.7%
Fixed Interest and Cash	81.3	25.6%	122.8	34.3%
Long Portfolio	317.4	100.0%	358.6	100.0%
Short Portfolio	(0.0)	(0.0%)	(0.0)	(0.0%)
Total Fund Size	\$317.4m		\$358.6m	
	No.		No.	
Total ordinary shares on issue	175,470,879		191,514,032	
Total options on issue	149,414,267		133,371,114	

Portfolio structure (continued)

As at 28 February 2013 the major securities held in the WAM portfolio were as follows.

Code	Company	Market Value \$	Market Value as % Gross Assets
SKE	Skilled Group Limited	6,904,533	1.9%
MFG	Magellan Financial Group Limited	6,358,364	1.8%
CYA	Century Australia Investments Limited	6,116,214	1.7%
HIL	Hills Holdings Limited	6,087,428	1.7%
IBC	Ironbark Capital Limited	6,069,163	1.7%
AHE	Automotive Holdings Group Limited	5,994,671	1.7%
ELI	Emerging Leaders Investments Limited	5,619,118	1.6%
SVW	Seven Group Holdings Limited	5,580,456	1.6%
AMM	Amcom Telecommunications Limited	5,381,176	1.5%
CCV	Cash Converters International	5,363,764	1.5%
BKW	Brickworks Limited	5,361,427	1.5%
INA	Ingenia Communities Group	5,026,145	1.4%
CYG	Coventry Group Limited	4,747,298	1.3%
BSL	Bluescope Steel Limited	4,146,861	1.2%
AIX	Australian Infrastructure Fund	4,083,120	1.1%
SDG	Sunland Group Limited	3,994,026	1.1%
WIC	Westoz Investment Company Limited	3,885,282	1.1%
REA	REA Group Limited	3,867,141	1.1%
CLO	Clough Limited	3,631,671	1.0%
MYR	Myer Holdings Limited	3,555,038	1.0%

Portfolio structure – sector allocation



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

Since inception, the WAM investment portfolio has outperformed the overall sharemarket. Set out below is the performance of WAM's investment portfolio since listing to 28 February 2013 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	+25.4%	+27.7%	-2.3%

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	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
Investment Portfolio *	-2.2%	+0.5%	+1.7%	+2.7%	+1.7%	+2.6%	+0.9%	+3.9%	+5.1%
S&P/ASX All Ord Accum	-6.9%	+0.3%	+3.7%	+2.1%	+2.1%	+3.0%	+0.3%	+3.4%	+5.1%
	Feb 13								Since inception
Investment Portfolio *	+4.5%								+909.9%
S&P/ASX All Ord Accum	+5.2%								+202.0%

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

For more information

Please contact Geoff Wilson, Chris Stott or Kate Thorley.

Wilson Asset Management
Level 11, 139 Macquarie Street, Sydney NSW 2000
GPO Box 4658 Sydney NSW 2001

Phone 02 9247 6755
Fax 02 9247 6855
info@wamfunds.com.au

www.wamfunds.com.au