



WAM CAPITAL LTD (WAM)

ABN 34 086 587 395

INVESTMENT UPDATE & NET TANGIBLE ASSETS REPORT JULY 2013

Company overview

WAM Capital Limited ('WAM' or the 'Company') 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 objectives

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, WAM's 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 31 July 2013	1 Mth %	6 Mths %	1 Year %	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio	3.8%	6.1%	25.3%	15.1%	14.8%	14.6%	18.1%
S&P/ASX All Ordinaries Accumulation Index	5.5%	4.8%	22.7%	8.4%	4.4%	9.4%	8.2%
Outperformance	-1.7%	+1.3%	+2.6%	+6.7%	+10.4%	+5.2%	+9.9%

Consolidated Net Tangible Asset (NTA) figures

The following NTA figures are consolidated to include assets of Premium Investors, a 100% owned subsidiary of WAM.

Unadjusted NTA before tax	171.83c
Adjusted for 24,993,566 options exercised during the month	0.85c
Tax paid and payable during the month	1.42c
Adjusted NTA before tax	169.56c
NTA after tax and before tax on unrealised gains	173.40c*
NTA after tax	169.99c*

* Includes 3.8 cents of tax assets resulting from the merger with Premium Investors.

Dividends - 6.0 cents per share fully franked

On 19 July 2013, the Company announced 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 6.7%, based on the last closing price.

The dividend re-investment plan will be operating at a 2.5% discount. To participate in the dividend reinvestment plan, shareholders should send their election to the Company's share registrar (Boardroom) no later than 11 October 2013.

Key dividend dates

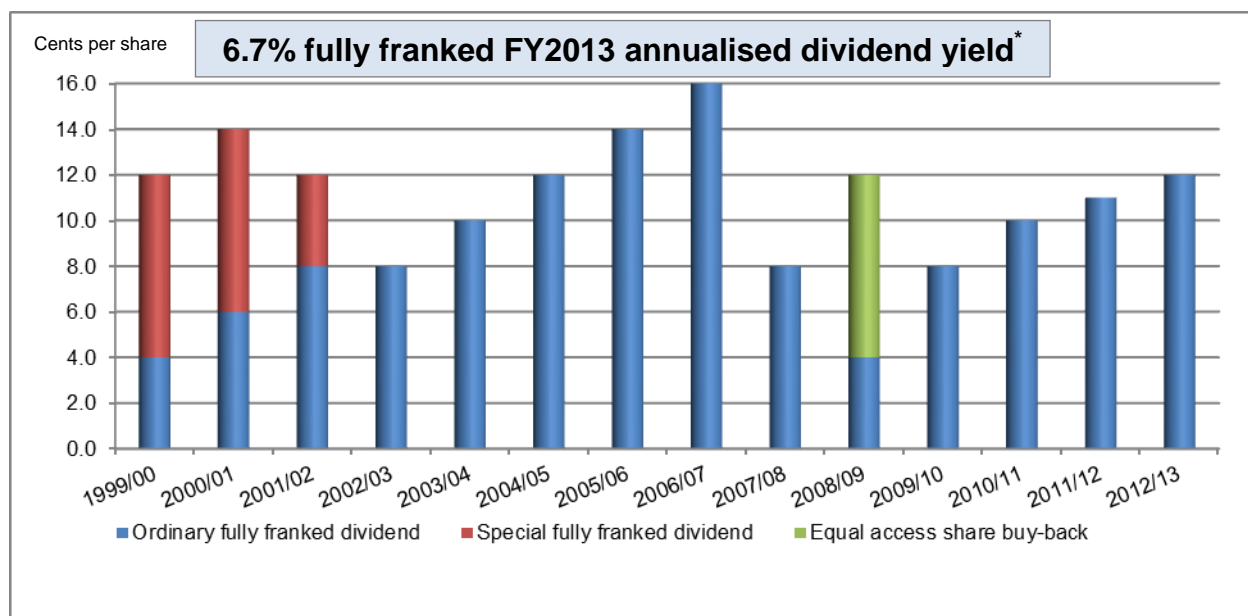
Ex date: 4 October 2013

Record date: 11 October 2013

Payment date: 18 October 2013

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves, 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



*Based on the 14 August 2013 closing price.

Option issue – expired on 31 July 2013

On 2 April 2012, the Board announced a one-for-one 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 had an exercise price of \$1.60 per share and expired on 31 July 2013.

A total of 153,771,706 million options were exercised (95.0%) and allotted for a total consideration of \$246.0 million.

Market outlook

The S&P/ASX All Ordinaries Accumulation Index increased 5.5% for July - the best monthly performance since October 2011. This was despite downgrades from companies such as Treasury Wine Estates, Woodside Petroleum and Orica during the month. The local share market rally has continued into the new financial year with the local equity market up 6.8% following positive data out of China and the United States. In Australia, political uncertainty has contributed to anaemic economic growth with unemployment standing at 5.7% and retail trade figures flat.

The Australian dollar has continued to fall having an adverse impact on import-focused businesses, however, it is a boon for a number of industries including tourism, manufacturing and firms that are export-oriented.

While we expect softer economic growth in the near term, the medium-to-long term outlook for Australia's economy is positive supported by strong underlying fundamentals. With the official cash rate at its lowest level since 1959, and house prices on the rise in many areas, we expect this will stimulate consumer confidence boosting the economy and have a positive impact on cyclical stocks. With the federal election date now announced, this creates some political certainty which we believe will help counter weak consumer and business confidence.

Portfolio structure

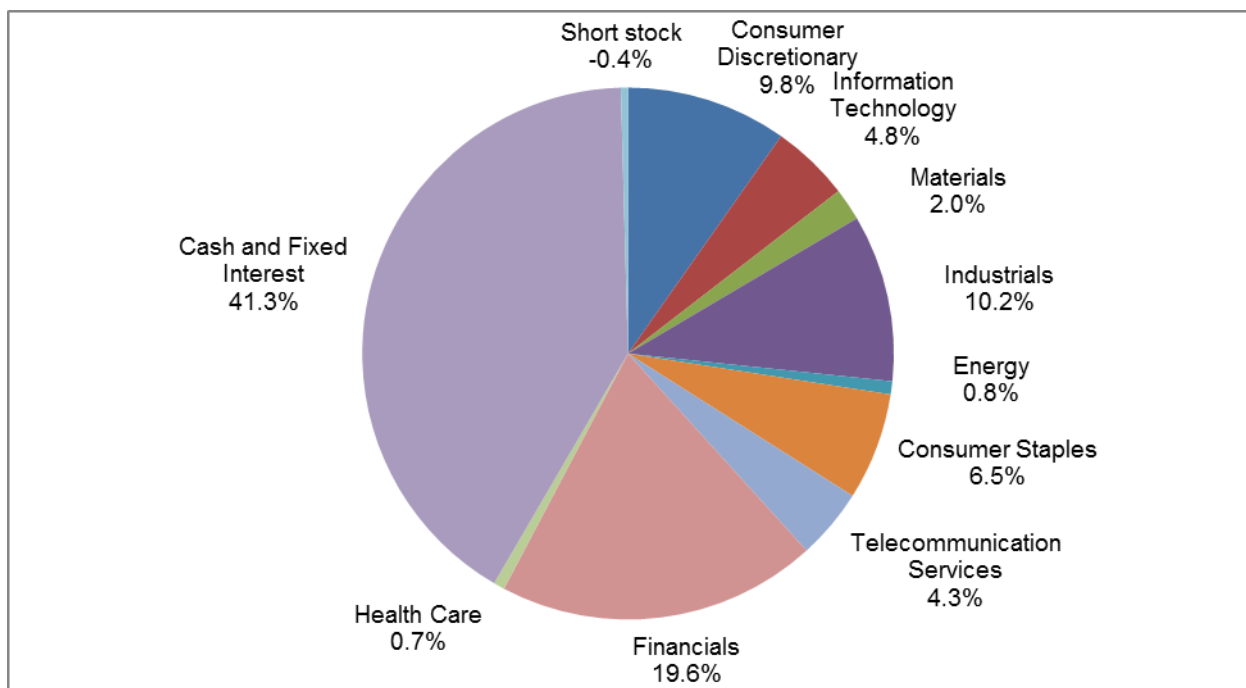
Investment Type	As at 30 June 2013		As at 31 July 2013	
	\$m	%	\$m	%
Listed Equities	252.8	51.9%	320.7	58.7%
Fixed Interest and Cash	233.8	48.1%	226.0	41.3%
Long Portfolio	486.6	100.0%	546.7	100.0%
Short Portfolio	-	-	(2.3)	(0.4%)
Gross Assets	\$486.6m		\$544.4m	
	No.		No.	
Total ordinary shares on issue	292,114,947		317,108,513	
Total options on issue	35,345,837		-	

Portfolio structure (continued)

As at 31 July 2013, the major securities held in the WAM portfolio were as follows:

Code	Company	Market Value \$	Market Value as % Gross Assets
GNC	Graincorp Limited	28,781,007	5.3%
CYA	Century Australia Investments Limited	10,637,168	2.0%
SGH	Slater & Gordon Limited	8,377,649	1.5%
MTU	M2 Telecommunications Group Limited	8,117,348	1.5%
HIL	Hills Holdings Limited	8,032,137	1.5%
ELI	Emerging Leaders Investments Limited	7,345,096	1.3%
MFG	Magellan Financial Group Limited	7,090,384	1.3%
SFW	SFG Australia Limited	6,915,978	1.3%
CSV	CSG Limited	6,513,542	1.2%
AHE	Automotive Holdings Group Limited	6,403,648	1.2%
HVN	Harvey Norman Holdings Limited	6,291,006	1.2%
MQA	Macquarie Atlas Roads Group	6,153,442	1.1%
CYG	Coventry Group Limited	5,920,371	1.1%
TPM	TPG Telecom Limited	5,913,594	1.1%
VRL	Village Roadshow Limited	5,897,601	1.1%
NEA	Nearmap Limited	5,696,152	1.0%
RCR	RCR Tomlinson Limited	5,695,899	1.0%
SGN	STW Communications Group Limited	5,531,394	1.0%
WIC	Westoz Investment Company Limited	5,498,075	1.0%
MQG	Macquarie Group Limited	5,290,501	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 31 July 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%
2012/2013	22.7%	20.7%	+2.0%
YTD 2013/2014	3.8%	5.5%	-1.7%

Performance - monthly comparison

The table below shows the month-by-month performance of WAM against the S&P/ASX All Ordinaries Accumulation index since listing to 31 July 2013.

	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	Mar 13	Apr 13	May 13	Jun 13	Jul 13			Since inception
Investment Portfolio *	+4.5%	+0.8%	+0.4%	-2.7%	-0.5%	+3.8%			+925.9%
S&P/ASX All Ord Accum	+5.2%	-2.2%	+3.8%	-4.4%	-2.6%	+5.5%			+200.9%

*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