



WAM CAPITAL LIMITED (WAM) **INVESTMENT UPDATE & NTA – JULY 2008**

WAM Capital Ltd (WAM) is an investment company whose mission is to provide superior returns to its investors over the medium to long term. WAM is managed by Wilson Asset Management (International) Pty Limited.

Since inception in August 1999 WAM has outperformed the overall sharemarket. WAM's portfolio (before all fees, costs, taxes and dividends) has increased by 413.4% compared to a 142.6% increase in the All Ordinaries Accumulation Index.

In July WAM's gross portfolio (before all fees, costs and taxes) fell by 1.65%, while the All Ordinaries Accumulation Index fell by 5.23%.

| | |
|---|-----------------|
| NTA before tax payable and after tax assets | 140.87c* |
| NTA after tax and before tax on unrealised gains | 140.87c* |
| NTA after tax | 139.36c* |

* The above figures include a tax asset of 5.5 cents per share.

MARKET OUTLOOK

The Australian sharemarket experienced another torrid month in July, with the All Ordinaries Accumulation Index falling a hefty 5.2%. The banking sector was again hit hard with ANZ and NAB both having significant write downs to asset value as a result of the property collapse in the US. The market was also negatively impacted by a decline in resource stocks. The big mining stocks have been resilient since the overall market started to decline in November 2007. Since June 2008, the mining sector has also been sold off with investors concerned about slowing world growth, particularly in China.

On a brighter note the recent decline in oil prices and talk of a cut in official interest rates by the RBA may be the first signs that industrial and financial stocks have bottomed. Since November 2007 both sectors have declined by more than 40%. For these sectors to continue to enjoy shareholder support the oil price and interest rates need to fall further.

PERFORMANCE

Set out below is the performance of WAM Capital Limited since listing to **30 June 2008**:

| | Gross Portfolio* | All Ords. 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% |

| Annualised performance | Gross Portfolio* | All Ords. Accumulation Index | Outperformance |
|------------------------|------------------|---------------------------------|----------------|
| 1 year | -23.0% | -12.1% | -10.9% |
| 3 years | +12.2% | +12.5% | -0.2% |
| 5 years | +15.5% | +16.8% | -1.3% |
| 7 years | +17.4% | +10.8% | +6.6% |
| Since inception | +20.4% | +11.1% | +9.2% |

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

PORTFOLIO STRUCTURE & STRATEGY

As at 31 July 2008, listed securities made up approximately 53.8% of the portfolio, while fixed interest and cash made up the remaining 46.2%. 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 to find companies that meet this profile.

| Investment Type | As at 30 June 2008 | | As at 31 July 2008 | |
|---|--------------------|---------------|--------------------|---------------|
| | \$m | % | \$m | % |
| Listed Equities | 69.33 | 46.7% | 78.51 | 53.8% |
| Fixed Interest and Cash | 79.21 | 53.3% | 67.35 | 46.2% |
| Long Portfolio | 148.54 | 100.0% | 145.86 | 100.0% |
| Short Portfolio | (1.82) | 100.0% | (1.49) | 100.0% |
| | No. | | No. | |
| Total no. of ord shares on issue | 106,158,940 | | 106,158,940 | |

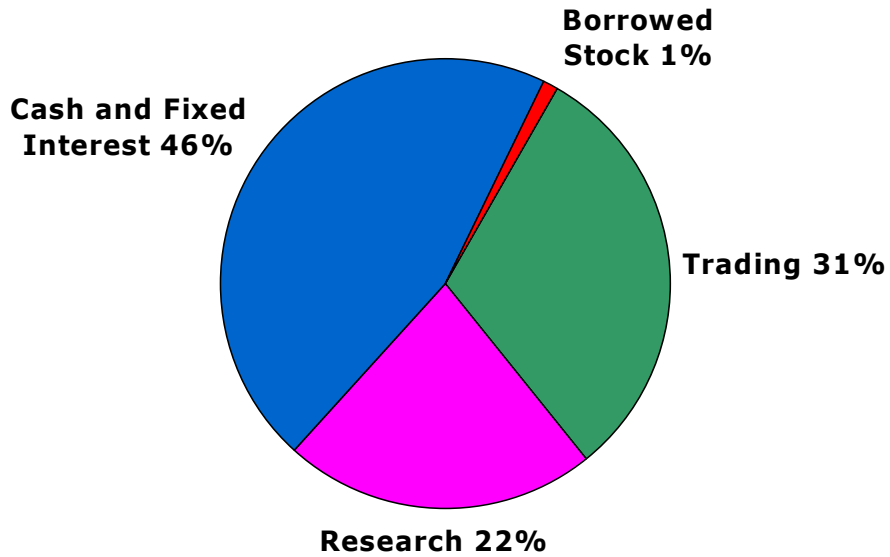
PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)

At 31 July 2008 the major securities held in the portfolio were:

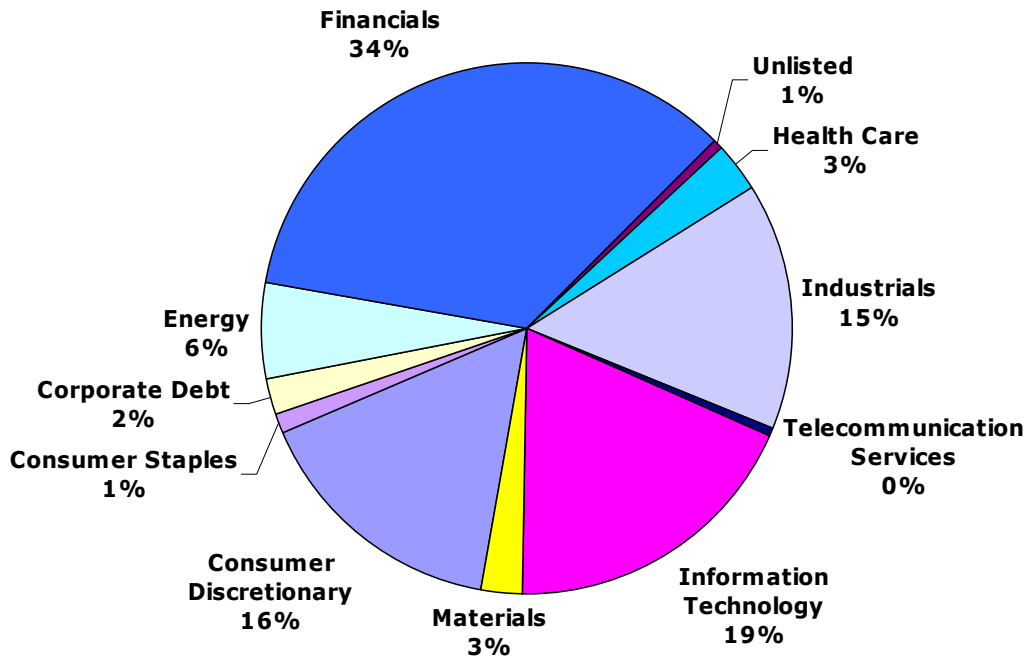
| CODE | COMPANY | MARKET VALUE \$ |
|-------------|---|--------------------------------|
| ARQ | ARC Energy Ltd | 1,912,680 |
| ASX | ASX Ltd | 1,909,920 |
| AVE | Aevum Ltd | 986,380 |
| BOQPB | Bank of Queensland Reset Prefs | 1,659,000 |
| CBA | Commonwealth Bank of Australia | 1,426,230 |
| CGF | Challenger Financial Services Group Ltd | 1,372,410 |
| CIW | Clime Investment Ltd | 1,238,161 |
| CLO | Clough Limited | 1,341,658 |
| ESV | Eservglobal Ltd | 1,416,604 |
| HAP | HFA Accelerator Plus Ltd | 1,943,826 |
| HFA | HFA Holdings Ltd | 2,767,527 |
| HGI | Henderson Group PLC | 1,178,968 |
| IDM | Industrial Minerals Ltd | 985,700 |
| ITX | ITX Group Limited | 1,234,448 |
| JST | Just Group Ltd | 1,603,560 |
| KBC | Keybridge Capital Ltd | 1,707,602 |
| LDW | Ludowici Ltd | 1,056,376 |
| LLC | Lend Lease Corporation Limited | 1,660,968 |
| MCQ | Macquarie Capital Alliance Group | 1,357,920 |
| MCU | Mitchell Communications Group Ltd | 1,629,309 |
| MLB | Melbourne IT Ltd | 3,888,552 |
| MMS | McMillan Shakespeare Ltd | 1,979,238 |
| MQG | Macquarie Group Limited | 2,838,936 |
| MTS | Metcash Limited | 1,004,933 |
| NOD | Nomad Building Solutions Ltd | 1,379,270 |
| OSH | Oil Search Limited | 1,423,332 |
| PGA | Photon Group Ltd | 2,557,887 |
| PRY | Primary Health Care Ltd | 1,402,226 |
| RKN | Reckon Ltd | 6,122,097 |
| RRA | RR Australia Ltd | 1,624,535 |
| RTN | Rattoon Holdings Ltd | 1,171,794 |
| SEV | Seven Network Limited | 1,527,660 |
| SGL | Sydney Gas Ltd | 1,161,563 |
| SSM | Service Stream Ltd | 1,655,221 |
| TOL | Toll Holdings Ltd | 1,475,565 |
| TWR | Tower Ltd | 1,413,982 |

PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)

Asset Allocation



Sector Allocation



PERFORMANCE TABLE

| | | | | | | | | |
|-----------------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|------------------------|
| | Aug 99 | Sep 99 | Oct 99 | Nov 99 | Dec 99 | Jan 00 | Feb 00 | Mar 00 |
| Gross Portfolio * | +1.4% | +5.1% | +4.1% | +11.0% | +4.9% | -2.0% | +5.4% | +5.3% |
| All Ordinaries Accum. | -1.9% | -1.7% | +0.5% | +5.9% | +3.7% | -1.8% | +1.6% | +0.5% |
| | | | | | | | | |
| | Apr 00 | May 00 | Jun 00 | Jul 00 | Aug 00 | Sep 00 | Oct 00 | Nov 00 |
| Gross Portfolio * | -5.7% | -2.9% | +3.6% | +2.9% | +5.2% | -0.7% | +2.5% | +1.9% |
| All Ordinaries Accum. | -1.5% | -1.3% | +7.7% | -1.3% | +1.7% | +0.2% | -1.1% | +1.1% |
| | | | | | | | | |
| | Dec 00 | Jan 01 | Feb 01 | Mar 01 | Apr 01 | May 01 | Jun 01 | July 01 |
| Gross Portfolio * | +0.1% | +1.7% | -0.2% | - 3.7% | +3.9% | +6.7% | +6.9% | -1.0% |
| All Ordinaries Accum. | -2.0% | +4.4% | -0.2% | - 4.8% | +5.7% | +1.6% | +3.8% | -4.5% |
| | | | | | | | | |
| | Aug 01 | Sep 01 | Oct 01 | Nov 01 | Dec 01 | Jan 02 | Feb 02 | Mar 02 |
| Gross Portfolio * | +4.6% | -2.9% | +8.6% | +3.8% | +3.3% | +7.0% | +3.1% | +4.9% |
| All Ordinaries Accum. | -1.3% | -6.7% | +6.8% | +3.4% | +2.7% | +1.3% | -1.1% | +0.8% |
| | | | | | | | | |
| | Apr 02 | May 02 | Jun 02 | Jul 02 | Aug 02 | Sep 02 | Oct 02 | Nov 02 |
| Gross Portfolio * | -0.4% | +0.7% | -2.2% | -3.0% | +3.9% | -1.1% | +1.1% | +1.6% |
| All Ordinaries Accum. | -1.8% | +0.9% | -4.4% | -4.1% | +1.8% | -4.1% | +2.6% | +1.5% |
| | | | | | | | | |
| | Dec 02 | Jan 03 | Feb 03 | Mar 03 | Apr 03 | May 03 | Jun 03 | Jul 03 |
| Gross Portfolio * | +1.5% | +1.3% | -1.7% | -0.4% | +3.8% | +1.5% | +3.5% | +3.6% |
| All Ordinaries Accum. | -1.5% | -1.3% | -5.1% | +3.4% | +4.4% | +0.5% | +1.3% | +3.6% |
| | | | | | | | | |
| | Aug 03 | Sept 03 | Oct 03 | Nov 03 | Dec 03 | Jan 04 | Feb 04 | Mar 04 |
| Gross Portfolio * | +5.2% | +3.7% | +5.4% | -0.7% | +3.6% | +2.5% | +2.7% | +0.1% |
| All Ordinaries Accum. | +3.5% | -0.1% | +3.5% | -2.1% | +3.7% | -0.7% | +3.1% | +2.0% |
| | | | | | | | | |
| | Apr 04 | May 04 | Jun 04 | Jul 04 | Aug 04 | Sep 04 | Oct 04 | Nov 04 |
| Gross Portfolio * | -1.3% | -0.8% | +1.0% | +2.4% | +1.2% | +2.5% | +2.9% | +3.3% |
| All Ordinaries Accum. | -0.1% | +1.6% | +2.7% | +0.6% | +1.1% | +3.8% | +3.1% | +4.6% |
| | | | | | | | | |
| | Dec 04 | Jan 05 | Feb 05 | Mar 05 | Apr 05 | May 05 | Jun 05 | Jul 05 |
| Gross Portfolio * | +0.7% | +2.7% | -0.2% | -0.8% | -4.2% | +0.0% | +2.8% | +2.2% |
| All Ordinaries Accum. | +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 |
| Gross Portfolio * | +4.0% | +2.7% | +0.1% | +3.1% | +0.8% | +1.6% | +4.9% | +5.3% |
| All Ordinaries Accum. | +2.2% | +4.8% | -3.8% | +4.4% | +3.0% | +3.7% | +0.7% | +4.8% |
| | | | | | | | | |
| | Apr 06 | May 06 | Jun 06 | Jul 06 | Aug 06 | Sep 06 | Oct 06 | Nov 06 |
| Gross Portfolio * | +2.1% | -2.3% | +0.5% | +0.4% | +3.4% | +2.4% | +4.7% | +3.6% |
| All Ordinaries Accum. | +2.4% | -4.3% | +1.9% | -1.5% | +3.2% | +1.3% | +4.8% | +2.5% |
| | | | | | | | | |
| | Dec 06 | Jan 07 | Feb 07 | Mar 07 | Apr 07 | May 07 | Jun 07 | Jul 07 |
| Gross Portfolio * | +6.1% | +3.8% | +0.4% | +1.9% | +2.6% | +4.7% | +3.3% | +0.3% |
| All Ordinaries Accum. | +3.6% | +2.0% | +1.6% | +3.3% | +3.0% | +3.2% | -0.1% | -1.9% |
| | | | | | | | | |
| | Aug 07 | Sep 07 | Oct 07 | Nov 07 | Dec 07 | Jan 08 | Feb 08 | Mar 08 |
| Gross Portfolio * | -4.2% | +1.7% | +3.1% | -4.8% | -1.1% | -9.5% | -1.3% | -5.3% |
| All Ordinaries Accum. | +1.7% | +5.8% | +3.1% | -2.4% | -2.4% | -11.2% | +0.3% | -4.1% |
| | | | | | | | | |
| | Apr 08 | May 08 | Jun 08 | Jul 08 | | | | Since Inception |
| Gross Portfolio * | +1.7% | +2.3% | -7.9% | -1.7% | | | | +413.4% |
| All Ordinaries Accum. | +4.6% | +2.4% | -7.3% | -5.2% | | | | +142.6% |

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

For further information please contact Mr Geoff Wilson or Mr Matthew Kidman on (02) 9247 6755

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