



**WAM CAPITAL LTD (WAM)  
ABN 34 086 587 395  
INVESTMENT UPDATE & NTA – JULY 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 predominately on small to medium industrial companies.

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 674.6% compared to a 145.7% increase in the S&P/ASX All Ordinaries Accumulation Index.

Performance as at 31 July 2011	1 Mth %	6 Mths %	1 Year %	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Capital Limited*	+0.2%	-0.3%	+15.1%	+14.7%	+10.4%	+16.5%	+18.6%
S&P/ASX All Ordinaries Accumulation Index	-3.4%	-5.4%	+4.0%	+0.4%	+2.2%	+7.5%	+7.8%
<b>Outperformance</b>	<b>+3.6%</b>	<b>+5.1%</b>	<b>+11.1%</b>	<b>+14.3%</b>	<b>+8.2%</b>	<b>+9.0%</b>	<b>+10.8%</b>

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

The following NTA figures are before the payment of a fully franked final dividend of 5.0 cent per share to be paid on the 15 September 2011.

<b>NTA before tax</b>	<b>167.40c*</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>167.29c</b>
<b>NTA after tax</b>	<b>162.75c</b>

\*After the payment of 0.73 cents per share of tax during the month.

### Market Outlook

Macroeconomic data and overseas events drove the Australian market once again in July. Volatility was rife with the S&P/ASX All Ordinaries Accumulation Index falling away sharply late in the month to finish on its lows down 3.4%. The European debt crisis and political posturing in the US over lifting of its debt ceiling dominated the direction of the equity market rather than individual company fundamentals. Results season in the US was generally more positive than analyst expectations.

## **Market Outlook (continued)**

In Australia, investors continue to grapple with large sentiment shifts regarding the future direction of interest rates and softening economic data. Expectations at the time of writing are for interest rate cuts by the end of 2011, which is strongly against the Reserve Bank's views. We have not seen this type of disparity between the bond market and the Reserve Bank for many years.

At the time of writing the Australian market is down 6.5% for August month to date after being down a whopping 15% intra month. The US did manage to lift their debt ceiling which was a short term aberration with investors focusing on the chance of a double dip global recession. The US and Europe remain in a precarious state and we expect it could take years for both economies to fully recover. If interest rate cuts do eventuate domestically, we see this as a positive for the equity market and would assist us in changing our defensive stance. As such we remain cautious and will continue to research for stock opportunities.

## **Dividends**

On 20 July 2011 the Board announced a fully franked final dividend of 5.0 cents per share. This is a 25% increase on the final dividend last year and brings the full year dividend to 10.0 cent per share fully franked. The final dividend dates are as follows:

Ex Date:	2 September 2011
Record Date:	8 September 2011
Payment Date:	15 September 2011

The dividend re-investment plan will be operating at a 2.5% discount. The current share price (\$1.45 being closing price 11 August 2011) is a 13.4% discount to the 31 July 2011 pre-tax NTA. To participate in the dividend re-investment plan, please send your election to our share registrar no later than the 8 September 2011.

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. Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits. Essentially, WAM Capital will always be in a position to pay dividends providing it is solvent.

## Portfolio Structure

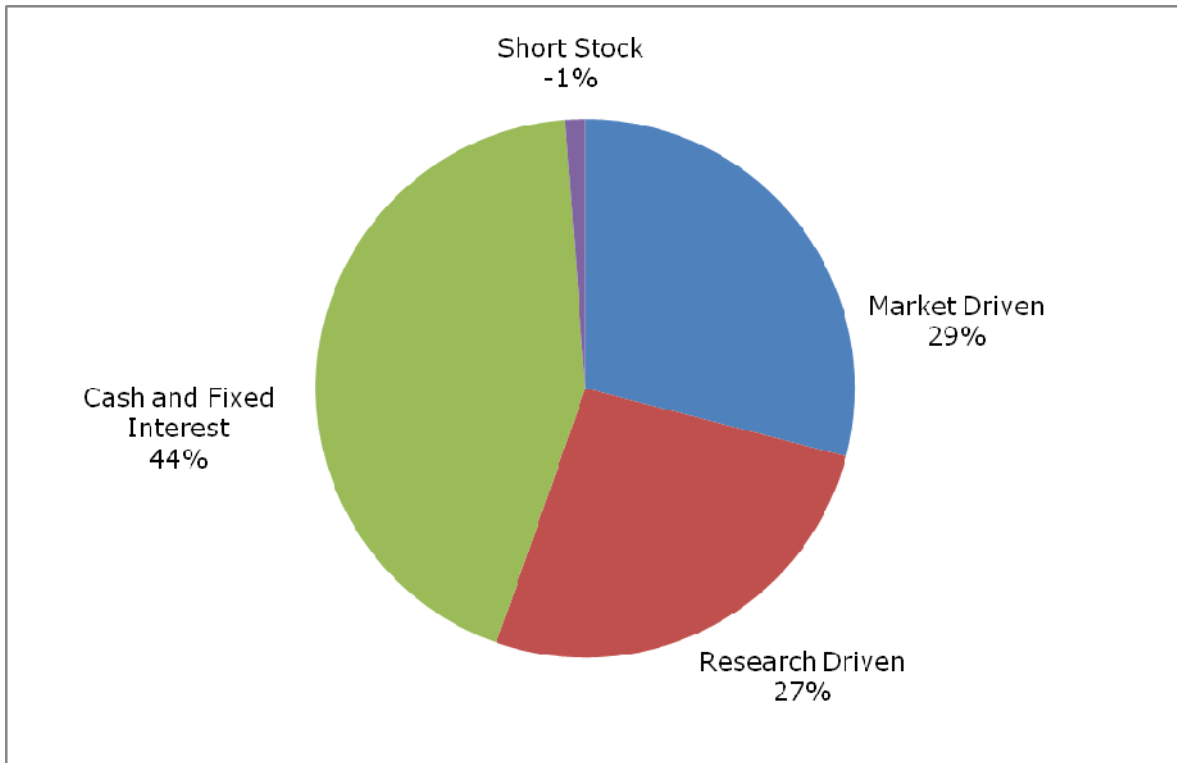
As at 31 July 2011, listed securities made up 56.1% of the portfolio, while fixed interest and cash made up the remaining 43.9%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, are well positioned in growth industries and have proven management. We continue to heavily research companies that meet this profile, with over 700 company visits a year.

Investment Type	As at 30 June 2011		As at 31 July 2011	
	\$m	%	\$m	%
Listed Equities	94.2	52.5%	100.2	56.1%
Fixed Interest and Cash	85.2	47.5%	78.5	43.9%
<b>Long Portfolio</b>	<b>179.4</b>	<b>100.0%</b>	<b>178.7</b>	<b>100.0%</b>
<b>Short Portfolio</b>	<b>(0.8)</b>		<b>(2.2)</b>	
<b>Total Fund Size</b>	<b>\$178.6m</b>		<b>\$176.5m</b>	
	<b>No.</b>		<b>No.</b>	
<b>Total ordinary shares on issue</b>	105,063,158		105,063,158	

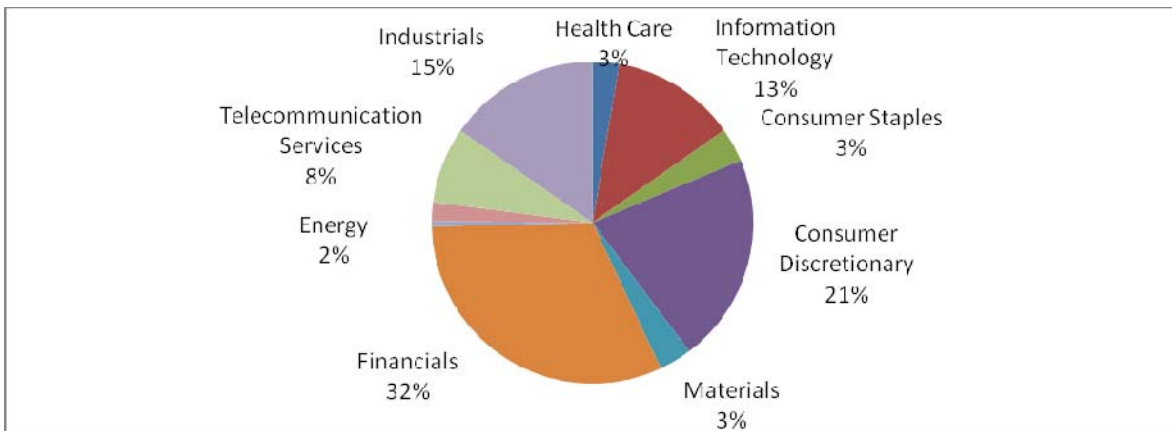
At 31 July 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
RKN	Reckon Limited	7,574,512	4.3%
SGI	Signature Capital Investments Limited	5,407,758	3.1%
ELI	Emerging Leaders Investments Limited	4,894,035	2.8%
MMS	McMillan Shakespeare Limited	4,229,249	2.4%
MYS	Mystate Limited	2,947,162	1.7%
TLS	Telstra Corporation Limited	2,699,372	1.5%
BRG	Breville Group Limited	2,348,979	1.3%
MAQ	Macquarie Telecom Group Limited	2,185,550	1.2%
SGN	STW Communications Group Limited	2,168,746	1.2%
CCQ	Contango Capital Partners Limited	2,125,998	1.2%
ARP	ARB Corporation Limited	1,836,118	1.0%
CGF	Challenger Limited	1,809,300	1.0%
DKN	DKN Financial Group Limited	1,798,200	1.0%
TAH	Tabcorp Holdings Limited	1,763,272	1.0%
TEN	Ten Network Holdings Limited	1,758,240	1.0%
TWE	Treasury Wine Estates Limited	1,731,008	1.0%
WPL	Woodside Petroleum Limited	1,702,740	1.0%
MSF	Maryborough Sugar Factory Limited (The)	1,686,333	1.0%
SKE	Skilled Group Limited	1,667,484	0.9%
NVT	Navitas Limited	1,649,096	0.9%

### Portfolio Structure – Gross Asset Allocation



### Long Portfolio Structure – Sector Allocation



## Performance

Set out below is the performance of WAM since listing to 31 July 2011 on a financial year basis. The performance data 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.

<b>Financial Year</b>	<b>Gross Portfolio</b>	<b>S&amp;P/ASX All Ordinaries Accumulation Index</b>	<b>Outperformance</b>
1999/2000	+33.3%	+11.3%	<b>+22.0%</b>
2000/2001	+30.2%	+8.9%	<b>+21.3%</b>
2001/2002	+32.7%	-4.5%	<b>+37.2%</b>
2002/2003	+12.3%	-1.1%	<b>+13.4%</b>
2003/2004	+27.3%	+22.4%	<b>+4.9%</b>
2004/2005	+13.9%	+24.8%	<b>-10.9%</b>
2005/2006	+27.4%	+24.2%	<b>+3.2%</b>
2006/2007	+44.1%	+30.3%	<b>+13.8%</b>
2007/2008	-23.0%	-12.1%	<b>-10.9%</b>
2008/2009	-3.0%	-22.2%	<b>+19.2%</b>
2009/2010	+29.8%	+13.8%	<b>+16.0%</b>
2010/2011	+17.9%	+12.2%	<b>+5.7%</b>
2011/2012	+0.2%	-3.4%	<b>+3.6%</b>

## Monthly Performance Table

	<b>Aug 99</b>	<b>Sep 99</b>	<b>Oct 99</b>	<b>Nov 99</b>	<b>Dec 99</b>	<b>Jan 00</b>	<b>Feb 00</b>	<b>Mar 00</b>
Gross Portfolio *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%	+5.4%	+5.3%
All Ordinaries Accum.	-2.5%	-1.2%	+0.5%	+5.4%	+5.6%	-0.7%	+1.9%	+0.5%
	<b>Apr 00</b>	<b>May 00</b>	<b>Jun 00</b>	<b>Jul 00</b>	<b>Aug 00</b>	<b>Sep 00</b>	<b>Oct 00</b>	<b>Nov 00</b>
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%
	<b>Dec 00</b>	<b>Jan 01</b>	<b>Feb 01</b>	<b>Mar 01</b>	<b>Apr 01</b>	<b>May 01</b>	<b>Jun 01</b>	<b>July 01</b>
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%
	<b>Aug 01</b>	<b>Sep 01</b>	<b>Oct 01</b>	<b>Nov 01</b>	<b>Dec 01</b>	<b>Jan 02</b>	<b>Feb 02</b>	<b>Mar 02</b>
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%
	<b>Apr 02</b>	<b>May 02</b>	<b>Jun 02</b>	<b>Jul 02</b>	<b>Aug 02</b>	<b>Sep 02</b>	<b>Oct 02</b>	<b>Nov 02</b>
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%
	<b>Dec 02</b>	<b>Jan 03</b>	<b>Feb 03</b>	<b>Mar 03</b>	<b>Apr 03</b>	<b>May 03</b>	<b>Jun 03</b>	<b>Jul 03</b>
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%
	<b>Aug 03</b>	<b>Sept 03</b>	<b>Oct 03</b>	<b>Nov 03</b>	<b>Dec 03</b>	<b>Jan 04</b>	<b>Feb 04</b>	<b>Mar 04</b>
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%
	<b>Apr 04</b>	<b>May 04</b>	<b>Jun 04</b>	<b>Jul 04</b>	<b>Aug 04</b>	<b>Sep 04</b>	<b>Oct 04</b>	<b>Nov 04</b>
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%
	<b>Dec 04</b>	<b>Jan 05</b>	<b>Feb 05</b>	<b>Mar 05</b>	<b>Apr 05</b>	<b>May 05</b>	<b>Jun 05</b>	<b>Jul 05</b>
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%
	<b>Aug 05</b>	<b>Sep 05</b>	<b>Oct 05</b>	<b>Nov 05</b>	<b>Dec 05</b>	<b>Jan 06</b>	<b>Feb 06</b>	<b>Mar 06</b>
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%
	<b>Apr 06</b>	<b>May 06</b>	<b>Jun 06</b>	<b>Jul 06</b>	<b>Aug 06</b>	<b>Sep 06</b>	<b>Oct 06</b>	<b>Nov 06</b>
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%
	<b>Dec 06</b>	<b>Jan 07</b>	<b>Feb 07</b>	<b>Mar 07</b>	<b>Apr 07</b>	<b>May 07</b>	<b>Jun 07</b>	<b>Jul 07</b>
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%
	<b>Aug 07</b>	<b>Sep 07</b>	<b>Oct 07</b>	<b>Nov 07</b>	<b>Dec 07</b>	<b>Jan 08</b>	<b>Feb 08</b>	<b>Mar 08</b>
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%
	<b>Apr 08</b>	<b>May 08</b>	<b>Jun 08</b>	<b>Jul 08</b>	<b>Aug 08</b>	<b>Sep 08</b>	<b>Oct 08</b>	<b>Nov 08</b>
Gross Portfolio *	+1.7%	+2.3%	-7.9%	-1.6%	+1.7%	-5.3%	-9.2%	-5.6%
All Ordinaries Accum.	+4.6%	+2.4%	-7.3%	-5.2%	+4.0%	-10.6%	-13.9%	-7.2%
	<b>Dec 08</b>	<b>Jan 09</b>	<b>Feb 09</b>	<b>Mar 09</b>	<b>Apr 09</b>	<b>May 09</b>	<b>Jun 09</b>	<b>Jul 09</b>
Gross Portfolio *	+3.1%	-1.5%	+1.1%	+2.6%	+5.2%	+3.6%	+4.1%	+8.2%
All Ordinaries Accum.	-0.1%	-4.9%	-4.3%	+8.1%	+6.1%	+2.2%	+3.9%	+7.7%
	<b>Aug 09</b>	<b>Sep 09</b>	<b>Oct 09</b>	<b>Nov 09</b>	<b>Dec 09</b>	<b>Jan 10</b>	<b>Feb 10</b>	<b>Mar 10</b>
Gross Portfolio *	+7.6%	+6.9%	+2.3%	+0.6%	+1.6%	-2.4%	-0.5%	+3.7%
All Ordinaries Accum.	+6.5%	+6.1%	-1.9%	+1.9%	+3.7%	-5.9%	+1.8%	+5.8%
	<b>Apr 10</b>	<b>May 10</b>	<b>Jun 10</b>	<b>Jul 10</b>	<b>Aug 10</b>	<b>Sept 10</b>	<b>Oct 10</b>	<b>Nov 10</b>
Gross Portfolio *	+0.8%	-2.4%	+0.7%	+2.5%	+1.5%	+4.4%	+1.4%	+2.3%
All Ordinaries Accum.	-1.2%	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%	-0.7%
	<b>Dec 10</b>	<b>Jan 11</b>	<b>Feb 11</b>	<b>Mar 11</b>	<b>Apr 11</b>	<b>May 11</b>	<b>Jun 11</b>	<b>Jul 11</b>
Gross Portfolio *	+3.7%	+1.4%	+2.1%	+0.1%	+1.2%	-1.4%	-2.4%	+0.2%
All Ordinaries Accum.	+3.8%	+0.1%	+2.2%	+0.6%	-0.6%	-1.9%	-2.4%	-3.4%

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

## Monthly Performance Table (continued)

	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Since inception
Gross Portfolio*								+674.6%
All Ordinaries Accum.								+145.7%

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