

Investment Update & Net Tangible Assets Report

AS AT 31 JULY 2014



Performance

Performance at 31 July 2014	1 Mth	6 Mths	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	2.2%	6.7%	17.4%	15.9%	17.1%	13.8%	18.0%
S&P/ASX All Ordinaries Accumulation Index	4.5%	10.3%	16.6%	12.6%	10.3%	9.2%	8.7%
Outperformance	-2.3%	-3.6%	+0.8%	+3.3%	+6.8%	+4.6%	+9.3%

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

Net Tangible Assets (NTA) figures

NTA before tax	179.86c*
NTA after tax and before tax on unrealised gains	182.51c**
NTA after tax	177.34c**

* This is after the payment of \$1.6m (0.5 cents a share) and the provision of \$7.8m (2.3 cents a share) in tax relating to FY2014.

** Includes 2.7 cents of tax assets resulting from the merger with Premium Investors.

Market overview

The new financial year got off to a strong start with the S&P/ASX All Ordinaries Accumulation Index ('Index') rising 4.5% in July. After hitting a six year high, the Index recorded its strongest monthly gain since July 2013. The market was driven higher primarily by the strong performance of local mining stocks. Investor confidence in the sector was bolstered following confirmation by Chinese authorities that the world's second largest economy was on track to achieve growth of 7.5% and allaying concerns of a 'hard landing'. The local Index has now risen 50% over the last 25 months since its low in June 2012.

The United States' recovery continues to gather pace with figures out during the month showing their economy had expanded in the second quarter while unemployment had fallen to 6.1%, its lowest level since September 2008. The June US Federal Reserve Board minutes (out in July) revealed that the US Central Bank plans to stop its program of quantitative easing in October, reflecting improved economic conditions. US investors are now grappling with the growing expectation that interest rates will move higher in early 2015.

We continue to be cautious in our short term view of Australia's equity market. Reporting season, which has commenced, will provide a good opportunity to discuss current conditions with corporates along with their outlook for the next 12 months. While the May Federal Budget dampened consumer confidence and stifled growth, we expect historically low interest rates to stimulate economic activity over the longer term.

WAM Capital Limited

ASX Code	WAM
Listed	Aug 1999
Gross assets	\$622.4m
Market cap	\$688.0m
Share price	\$2.02
NTA before tax	\$1.80
Shares on issue	340,603,969
Fully franked dividends (FY2014)	13.0c
Dividend yield	6.4%

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 arbitrages 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
Senior Equity Analyst

Tobias Yao
Equity Analyst

Judith Buchan
Head of Corporate Affairs

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AS AT 31 JULY 2014



Diversified portfolio

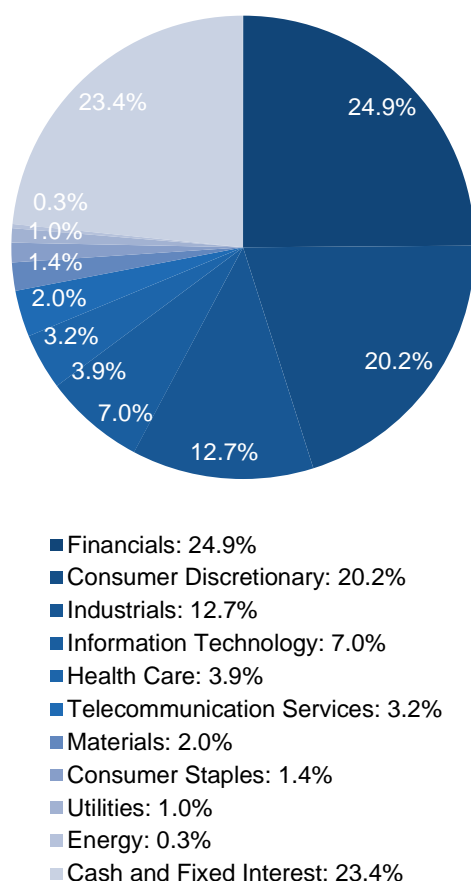
Investment Type	June 2014		July 2014	
	\$m	%	\$m	%
Listed Equities	389.3	62.6	476.8	76.6
Fixed Interest & Cash	232.5	37.4	145.6	23.4
Long Portfolio	621.8	100.0%	622.4	100.0%
Short Portfolio	(8.6)	(1.4)	(0.0)	(0.0)
Gross Assets	\$613.2m		\$622.4m*	
Total shares on issue	340,603,969		340,603,969	

* This is after the payment of \$1.6m in tax during the month.

Top holdings

Code	Company	Market Value as % Gross Assets
CBAPA	CBA Perpetual Exc Resale Listed Sec - PERLS V	3.7%
CYA	Century Australia Investments Limited	2.3%
MQA	Macquarie Atlas Roads Group	2.3%
SGH	Slater & Gordon Limited	1.8%
WBCPB	WBC Stapled Preferred Security II	1.7%
CGF	Challenger Limited	1.6%
AHE	Automotive Holdings Group Limited	1.5%
MYR	Myer Holdings Limited	1.5%
SXL	Southern Cross Media Group Limited	1.5%
DLX	DuluxGroup Limited	1.5%
SFW	SFG Australia Limited	1.5%
IPE	IPE Limited	1.5%
FXJ	Fairfax Media Limited	1.4%
HIL	Hills Limited	1.4%
CSV	CSG Limited	1.4%
MTR	Mantra Group Limited	1.3%
HHV	Hunter Hall Global Value Limited	1.3%
WIC	Westoz Investment Company Limited	1.3%
TNE	Technology One Limited	1.3%
GMA	Genworth Mortgage Insurance Australia Limited	1.2%

Sector allocation



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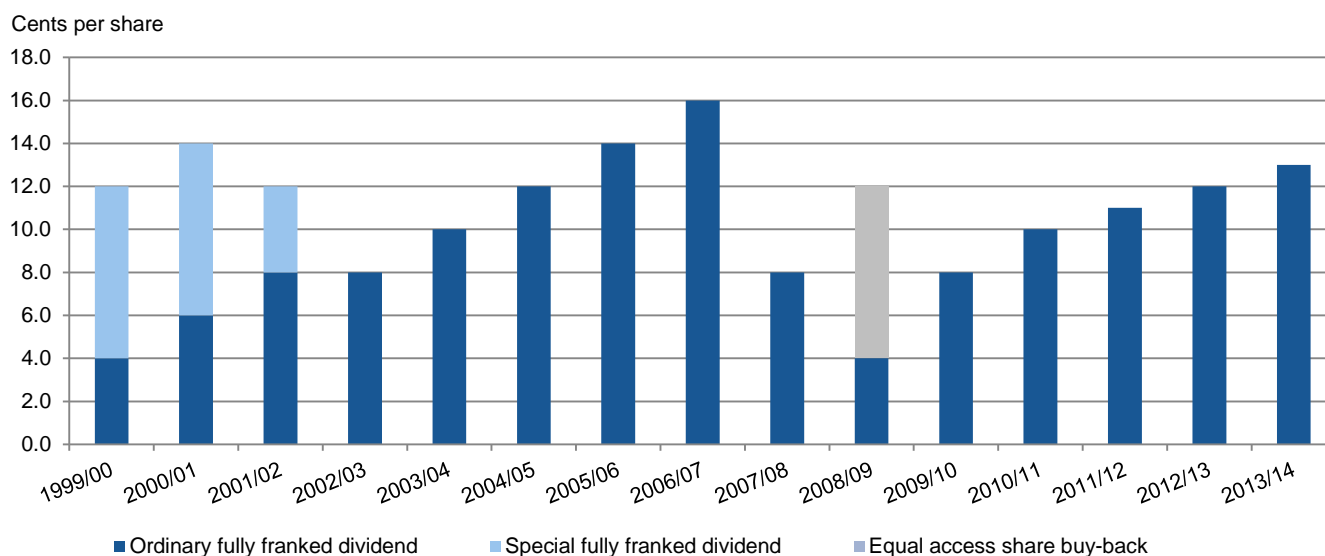
AS AT 31 JULY 2014



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. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. 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 28 July 2014, the Company announced a fully franked final dividend of 6.5 cents per share. This brings the full year fully franked dividend to 13.0 cents per share, an increase of 8.3%.

The dividend reinvestment plan (DRP) will operate at a 2.5% discount for the final dividend. To participate in the DRP, shareholders should send their election to the Company's share registrar (Boardroom) no later than 10 October 2014.

Key dividend dates

Ex date:	7 October 2014
Record date:	9 October 2014
Last election date for the DRP:	10 October 2014
Payment date:	17 October 2014

Priority offer to WAM Capital shareholders in Future Generation Investment Fund Limited

WAM Capital shareholders are entitled to a priority allocation to invest in the new Future Generation Investment Fund Limited. In a first for the Australian market, investors can now gain unprecedented access to Australia's best fund managers for 0.0% performance fees and 0.0% management fees. As fund managers, and many service providers, will be providing their services on a pro bono basis, this will allow the company to donate 1.0% of assets each year to children's charities to invest in Australia's future generation. Where the balance of the forgone fees is greater than the amount paid to charities, the balance will be for the benefit of shareholders.

The priority allocation closes on 28 August 2014.

For further information, including the prospectus and online application form, visit www.futuregeninvest.com.au. If you have any queries relating to the Offer, call (02) 9247 6755 or email info@wamfunds.com.au.