



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

**Company overview**

WAM Capital Limited (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 31 March 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                  | +0.8%        | +19.0%       | +26.3%       | +24.1%       | +15.4%        | +13.3%        | +15.9%       | +18.5%                       |
| S&P/ASX All Ordinaries Accumulation Index | -2.2%        | +15.4%       | +24.8%       | +17.8%       | +5.0%         | +2.8%         | +10.3%       | +8.2%                        |
| <b>Outperformance</b>                     | <b>+3.0%</b> | <b>+3.6%</b> | <b>+1.5%</b> | <b>+6.3%</b> | <b>+10.4%</b> | <b>+10.5%</b> | <b>+5.6%</b> | <b>+10.3%</b>                |

**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 110,470,297 remaining options on issue with an exercise price of \$1.60 per share.

|   |                 |
|---|-----------------|
| <b>NTA before tax</b>                                   | <b>184.45c</b>  |
| <b>NTA after tax and before tax on unrealised gains</b> | <b>186.85c*</b> |
| <b>NTA after tax</b>                                    | <b>181.96c*</b> |

\*Includes 5.8 cents of tax assets resulting from the merger with Premium Investors.  
The above figures are after the exercise of 22,379,802 options during the month.

## 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.

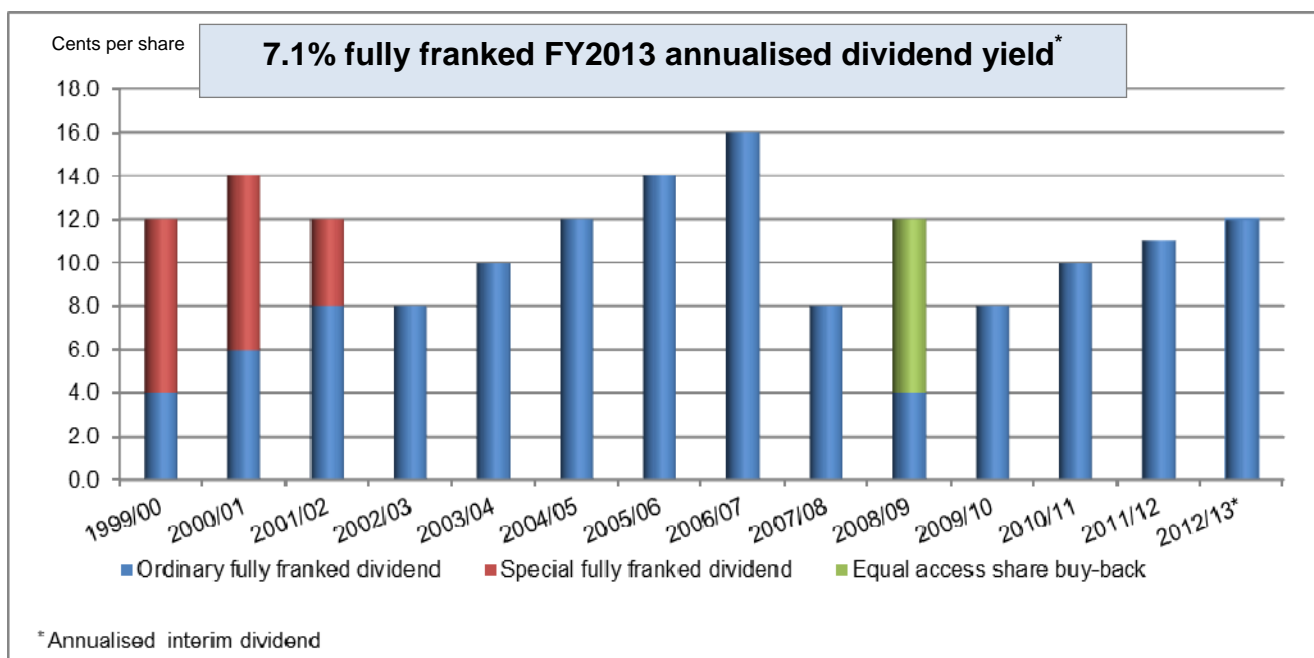
### WAM Capital options

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 10 April 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 31 March 2013, 51,441,581 options have been exercised and allotted for a total consideration of \$82,306,530. The remaining balance of outstanding options is 110,470,297.

## Market outlook

The S&P/ASX All Ordinaries Accumulation Index finished down 2.2% in March. This was the end of a 9 month rally that had seen the market rise every month since last May. A revival of concerns around the European sovereign debt crisis from the Cyprus bailout destabilised financial markets. We also had news from China which suggested the central bank and ministry of housing will seek to dampen Chinese house price growth. This news particularly affected the resources and mining services sector.

The RBA left rates on hold in both March and April and we believe that they will not cut rates any further this year. Improving house prices, retail sales and consumer confidence suggest that the rate cuts delivered over the last 18 months are finally starting to have an impact. The RBA will probably adopt a wait and see approach over this year in order to judge the effectiveness of previous rate cuts. Should this turnaround in consumer sentiment, retail sales and housing continue to strengthen, companies exposed to these sectors will be well positioned.

## Portfolio structure

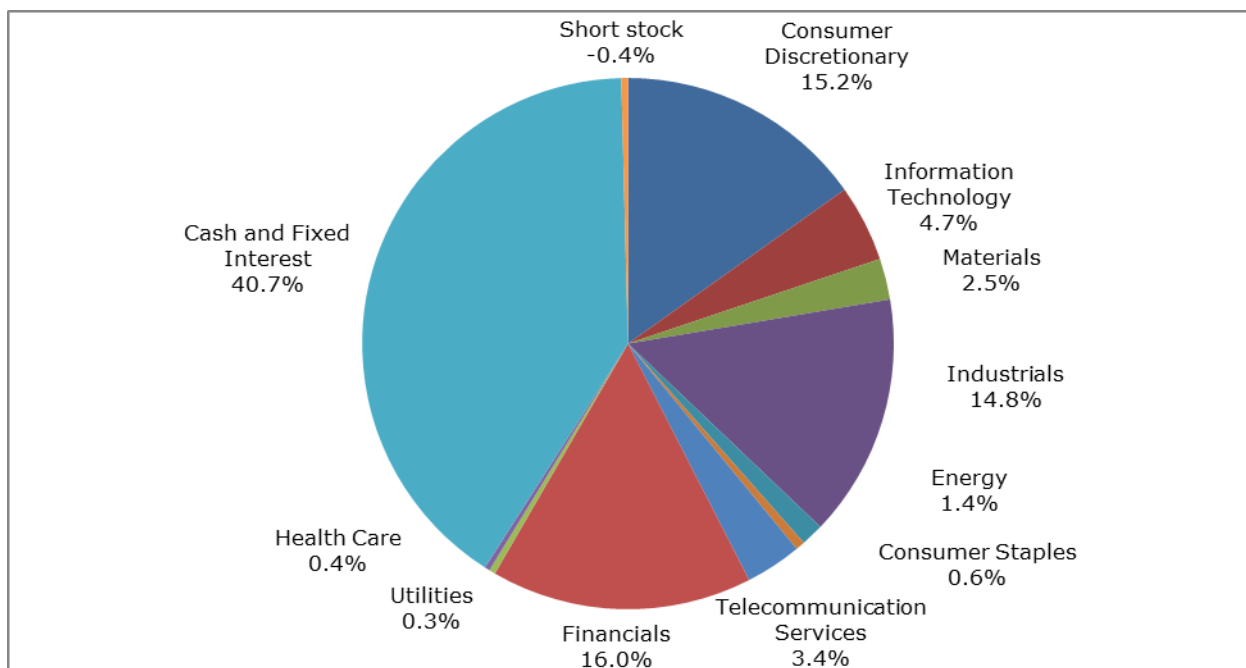
| Investment Type                       | As at 28 February 2013 |               | As at 31 March 2013 |               |
|---------------------------------------|------------------------|---------------|---------------------|---------------|
|                                       | \$m                    | %             | \$m                 | %             |
| Listed Equities                       | 235.8                  | 65.7%         | 236.5               | 59.3%         |
| Fixed Interest and Cash               | 122.8                  | 34.3%         | 162.4               | 40.7%         |
| <b>Long Portfolio</b>                 | <b>358.6</b>           | <b>100.0%</b> | <b>398.9</b>        | <b>100.0%</b> |
| <b>Short Portfolio</b>                | <b>(0.0)</b>           | <b>(0.0%)</b> | <b>(1.6)</b>        | <b>(0.4%)</b> |
| <b>Total Fund Size</b>                | <b>\$358.6m</b>        |               | <b>\$397.3m</b>     |               |
|                                       | <b>No.</b>             |               | <b>No.</b>          |               |
| <b>Total ordinary shares on issue</b> | 191,514,032            |               | 214,414,849         |               |
| <b>Total options on issue</b>         | 133,371,114            |               | 110,470,297         |               |

## Portfolio structure (continued)

As at 31 March 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                 | 8,511,647       | 2.1%                           |
| CYA  | Century Australia Investments Limited | 7,024,506       | 1.8%                           |
| CCV  | Cash Converters International         | 6,831,857       | 1.7%                           |
| HIL  | Hills Holdings Limited                | 6,114,848       | 1.5%                           |
| AHE  | Automotive Holdings Group Limited     | 6,009,116       | 1.5%                           |
| IBC  | Ironbark Capital Limited              | 5,829,189       | 1.5%                           |
| ELI  | Emerging Leaders Investments Limited  | 5,655,672       | 1.4%                           |
| BKW  | Brickworks Limited                    | 5,650,199       | 1.4%                           |
| HVN  | Harvey Norman Holdings Limited        | 5,236,686       | 1.3%                           |
| AMM  | Amcom Telecommunications Limited      | 5,153,911       | 1.3%                           |
| INA  | Ingenia Communities Group             | 5,022,021       | 1.3%                           |
| CMG  | Chandler Macleod Group Limited        | 4,398,036       | 1.1%                           |
| WIC  | Westoz Investment Company Limited     | 4,331,981       | 1.1%                           |
| CYG  | Coventry Group Limited                | 4,330,111       | 1.1%                           |
| MTU  | M2 Telecommunications Group Limited   | 4,305,451       | 1.1%                           |
| REA  | REA Group Limited                     | 4,217,961       | 1.1%                           |
| TPI  | Transpacific Industries Group Limited | 4,160,569       | 1.0%                           |
| FGE  | Forge Group Limited                   | 4,150,410       | 1.0%                           |
| VRL  | Village Roadshow Limited              | 4,144,773       | 1.0%                           |
| AIX  | Australian Infrastructure Fund        | 4,043,478       | 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 March 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.

| <b>Financial Year</b> | <b>WAM Investment 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             | -3.2%                           | -22.2%   | <b>+19.0%</b>         |
| 2009/2010             | +29.8%                          | +13.8%   | <b>+16.0%</b>         |
| 2010/2011             | +17.9%                          | +12.2%   | <b>+5.7%</b>          |
| 2011/2012             | +4.2%                           | -7.0%  | <b>+11.2%</b>         |
| YTD 2012/2013         | +26.3%                          | +24.8%   | <b>+1.5%</b>          |

## Performance - monthly comparison

The table below shows the month by month performance of WAM against the S&P/ASX All Ordinaries Accumulation index.

|                        |               |                |               |               |                |                |               |               |                        |
|------------------------|---------------|----------------|---------------|---------------|----------------|----------------|---------------|---------------|------------------------|
|                        | <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> | <b>Apr 00</b>          |
| 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%                  |
|                        | <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> | <b>Dec 00</b> | <b>Jan 01</b>          |
| 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%                  |
|                        | <b>Feb 01</b> | <b>Mar 01</b>  | <b>Apr 01</b> | <b>May 01</b> | <b>Jun 01</b>  | <b>July 01</b> | <b>Aug 01</b> | <b>Sep 01</b> | <b>Oct 01</b>          |
| 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%                  |
|                        | <b>Nov 01</b> | <b>Dec 01</b>  | <b>Jan 02</b> | <b>Feb 02</b> | <b>Mar 02</b>  | <b>Apr 02</b>  | <b>May 02</b> | <b>Jun 02</b> | <b>Jul 02</b>          |
| 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%                  |
|                        | <b>Aug 02</b> | <b>Sep 02</b>  | <b>Oct 02</b> | <b>Nov 02</b> | <b>Dec 02</b>  | <b>Jan 03</b>  | <b>Feb 03</b> | <b>Mar 03</b> | <b>Apr 03</b>          |
| 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%                  |
|                        | <b>May 03</b> | <b>Jun 03</b>  | <b>Jul 03</b> | <b>Aug 03</b> | <b>Sept 03</b> | <b>Oct 03</b>  | <b>Nov 03</b> | <b>Dec 03</b> | <b>Jan 04</b>          |
| 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%                  |
|                        | <b>Feb 04</b> | <b>Mar 04</b>  | <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>          |
| 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%                  |
|                        | <b>Nov 04</b> | <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>          |
| 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%                  |
|                        | <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> | <b>Apr 06</b>          |
| 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%                  |
|                        | <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> | <b>Dec 06</b> | <b>Jan 07</b>          |
| 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%                  |
|                        | <b>Feb 07</b> | <b>Mar 07</b>  | <b>Apr 07</b> | <b>May 07</b> | <b>Jun 07</b>  | <b>Jul 07</b>  | <b>Aug 07</b> | <b>Sep 07</b> | <b>Oct 07</b>          |
| 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%                  |
|                        | <b>Nov 07</b> | <b>Dec 07</b>  | <b>Jan 08</b> | <b>Feb 08</b> | <b>Mar 08</b>  | <b>Apr 08</b>  | <b>May 08</b> | <b>Jun 08</b> | <b>Jul 08</b>          |
| 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%                  |
|                        | <b>Aug 08</b> | <b>Sep 08</b>  | <b>Oct 08</b> | <b>Nov 08</b> | <b>Dec 08</b>  | <b>Jan 09</b>  | <b>Feb 09</b> | <b>Mar 09</b> | <b>Apr 09</b>          |
| 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%                  |
|                        | <b>May 09</b> | <b>Jun 09</b>  | <b>Jul 09</b> | <b>Aug 09</b> | <b>Sep 09</b>  | <b>Oct 09</b>  | <b>Nov 09</b> | <b>Dec 09</b> | <b>Jan 10</b>          |
| 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%                  |
|                        | <b>Feb 10</b> | <b>Mar 10</b>  | <b>Apr 10</b> | <b>May 10</b> | <b>Jun 10</b>  | <b>Jul 10</b>  | <b>Aug 10</b> | <b>Sep 10</b> | <b>Oct 10</b>          |
| 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%                  |
|                        | <b>Nov 10</b> | <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>          |
| 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%                  |
|                        | <b>Aug 11</b> | <b>Sept 11</b> | <b>Oct 11</b> | <b>Nov 11</b> | <b>Dec 11</b>  | <b>Jan 12</b>  | <b>Feb 12</b> | <b>Mar 12</b> | <b>Apr 12</b>          |
| 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%                  |
|                        | <b>May 12</b> | <b>Jun 12</b>  | <b>Jul 12</b> | <b>Aug 12</b> | <b>Sep 12</b>  | <b>Oct 12</b>  | <b>Nov 12</b> | <b>Dec 12</b> | <b>Jan 13</b>          |
| 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%                  |
|                        | <b>Feb 13</b> | <b>Mar 13</b>  |               |               |                |                |               |               | <b>Since inception</b> |
| Investment Portfolio * | +4.5%         | +0.8%          |               |               |                |                |               |               | +917.6%                |
| S&P/ASX All Ord Accum  | +5.2%         | -2.2%          |               |               |                |                |               |               | +195.2%                |

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

## **Investor Presentations**

The team at Wilson Asset Management enjoys the opportunity to meet with you at the semi-annual investor presentations to be held on the following dates:

Melbourne: 30 April 2013  
Adelaide: 1 May 2013  
Sydney: 2 May 2013  
Brisbane: 3 May 2013

We look forward to seeing you and please feel free to invite any other interested parties.

## **For more information**

Please contact Geoff Wilson, Chris Stott or Kate Thorley.

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