



**WAM CAPITAL LIMITED (WAM)**  
**ABN 34 086 587 395**  
**INVESTMENT UPDATE & NTA – MARCH 2010**

WAM Capital Limited (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 562.53% compared to a 154.91% increase in the S&P/ASX All Ordinaries Accumulation Index.

- In March WAM's gross portfolio (before all fees, costs and taxes) increased by 3.70%, while the S&P/ASX All Ordinaries Accumulation Index increased by 5.83%.
- The gross portfolio has increased by 48.51% for the 12 months to 31 March 2010, while the S&P/ASX All Ordinaries Accumulation Index has increased by 44.01%.

<b>NTA before tax</b>	<b>159.91c***</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>162.67c*</b>
<b>NTA after tax</b>	<b>155.95c**</b>

\* Includes tax assets of 2.76 cents per share.

\*\* This includes the net effect of 2.76 cents of tax assets and 6.72 cents of deferred tax liabilities.

\*\*\* This is after the payment of \$400,490 (0.39 cents a share) in tax.

**MARKET OUTLOOK**

The Australian share market powered higher in March with a strong performance from the resources and banking sectors. The S&P/ASX All Resources Index shot up 11 per cent for the month, as investors became increasingly attracted to the world growth story lead by China and a recovery in the US. Bank stocks also posted a strong month following a string of operating updates from the major Australian banks in February. The sector is being buoyed by a reduction in bad debts and an expansion in interest margins. In contrast, the general industrial sector has struggled to move higher since about October 2009, coinciding with the decision by the Reserve Bank of Australia to start lifting official interest rates.

We are becoming increasingly cautious as the market continues to rise. Valuations are fair, however, rising interest rates and a measure of exuberance appearing in the

resources sector are reasons for our cautious approach. We believe that official interest rates in Australia will continue to rise throughout 2010. Other major global economies will also look to tighten monetary policy later in the year which will weigh heavily on shares as liquidity is removed from the system.

## **DIVIDENDS**

On 25 February 2010 WAM Capital Limited paid a final fully franked dividend of 4.0 cents per ordinary share. The DRP price was \$1.272.

The Boards policy is to pay a growing stream of fully franked dividends to shareholders on a six-monthly basis. This policy is dependent on the profitability, retained earnings and availability of franking credits of the Company.

## **PERFORMANCE**

Set out below is the performance of WAM Capital Limited since listing to 31 March 2010:

<b>Annualised performance</b>	<b>Gross Portfolio*</b>	<b>S&amp;P/ASX All Ords. Accumulation Index</b>	<b>Outperformance</b>
1 year	+48.5%	+44.0%	+4.5%
3 years	+2.8%	-2.4%	+5.2%
5 years	+12.1%	+8.0%	+4.1%
7 years	+16.1%	+12.6%	+3.5%
Since inception	+19.4%	+9.2%	+10.2%

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

Set out below is the performance of WAM Capital Limited since listing to 31 March 2010:

	<b>Gross Portfolio*</b>	<b>S&amp;P/ASX All Ords. Accumulation Index</b>	<b>Outperformance</b>
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	-3.0%	-22.2%	+19.2%
YTD 2009/2010	+31.1%	+27.9%	+3.2%

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

## **PORTFOLIO STRUCTURE & STRATEGY**

As at 31 March 2010, listed securities made up 63.1% of the portfolio, while fixed interest and cash made up the remaining 36.9%. 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 during the last year.

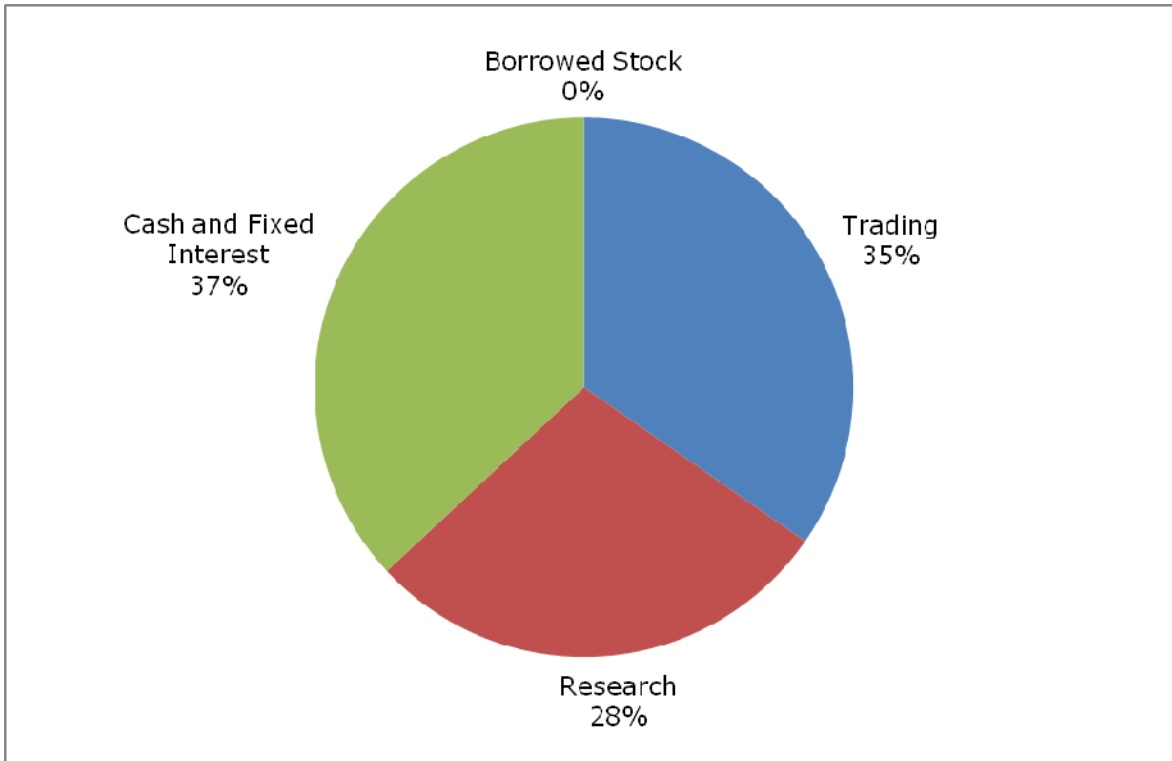
	<b>As at 28 February 2010</b>		<b>As at 31 March 2010</b>	
<b>Investment Type</b>	<b>\$m</b>	<b>%</b>	<b>\$m</b>	<b>%</b>
Listed Equities	103.55	63.81%	105.85	63.07%
Fixed Interest and Cash	58.72	36.19%	61.97	36.93%
<b>Long Portfolio</b>	<b>162.27</b>	<b>100.0%</b>	<b>167.82</b>	<b>100.0%</b>
<b>Short Portfolio</b>	<b>(0.00)</b>		<b>(0.00)</b>	
	<b>No.</b>		<b>No.</b>	
<b>Total no. of ord shares on issue</b>	103,931,192		103,931,192	

**PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)**

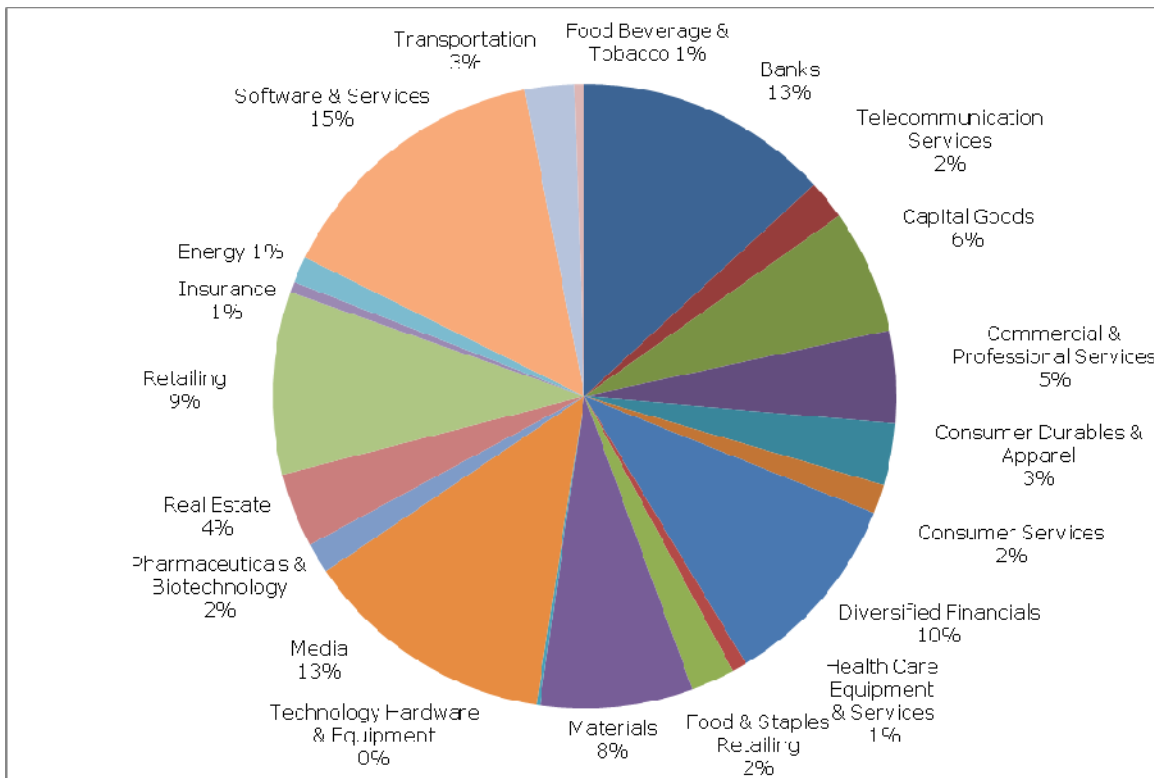
At 31 March 2010 the major securities held in the portfolio were:

<b>CODE</b>	<b>COMPANY</b>	<b>MARKET VALUE \$</b>	<b>MARKET VALUE as % of Long Portfolio</b>	<b>MARKET VALUE as % of Gross Assets</b>
RKN	Reckon Ltd	8,932,176	8.5%	5.3%
REA	REA Group Ltd	3,744,861	3.5%	2.2%
MCP	McPherson's Ltd	3,381,646	3.2%	2.0%
MYS	Mystate Ltd	2,843,597	2.7%	1.7%
ORL	OrotonGroup Ltd	2,815,263	2.7%	1.7%
MMS	McMillan Shakespeare Ltd	2,780,180	2.6%	1.7%
RHG	RHG Ltd	2,742,347	2.6%	1.6%
MCU	Mitchell Communications Group Ltd	2,729,218	2.6%	1.6%
VBA	Virgin Blue Holdings Ltd	2,683,838	2.5%	1.6%
AHE	Automotive Holdings Group Ltd	2,629,536	2.5%	1.6%
IRE	IRESS Market Technology Ltd	2,464,000	2.3%	1.5%
WES	Wesfarmers Ltd	2,390,290	2.3%	1.4%
TEN	Ten Network Holdings Ltd	2,080,500	2.0%	1.2%
TGA	Thorn Group Ltd	2,012,171	1.9%	1.2%
TSM	Thinksmart Ltd	1,781,995	1.7%	1.1%
SGN	STW Communications Group Ltd	1,752,472	1.7%	1.0%
CIW	Clime Investment Ltd	1,692,392	1.6%	1.0%
MND	Monadelpous Group Ltd	1,675,350	1.6%	1.0%
BEN	Bendigo and Adelaide Bank Ltd	1,606,000	1.5%	1.0%
SGM	Sims Metal Management Ltd	1,581,180	1.5%	0.9%
FXJ	Fairfax Media Ltd	1,576,800	1.5%	0.9%
WYL	Wattyl Ltd	1,561,653	1.5%	0.9%
CQO	Charter Hall Office Reit	1,560,375	1.5%	0.9%
ANZ	ANZ Banking Group Ltd	1,555,075	1.5%	0.9%
WBC	Westpac Banking Corporation	1,524,240	1.4%	0.9%
SKT	Sky Network Television Ltd	1,497,578	1.4%	0.9%
FMG	Fortescue Metals Group Ltd	1,448,685	1.4%	0.9%
NAB	National Australia Bank Ltd	1,426,362	1.4%	0.8%
CBA	Commonwealth Bank of Australia	1,397,118	1.3%	0.8%
FBU	Fletcher Building Ltd	1,390,650	1.3%	0.8%
CCP	Credit Corp Group Ltd	1,365,755	1.3%	0.8%
ITX	ITX Group Ltd	1,346,917	1.3%	0.8%
MLB	Melbourne IT Ltd	1,287,992	1.2%	0.8%

**PORTFOLIO STRUCTURE – GROSS ASSET ALLOCATION**



**LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION**



## 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>Since inception</b>
Gross Portfolio *								+562.5%
All Ordinaries Accum.								+154.9%

\*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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