

# Investment Update & Net Tangible Assets Report

AS AT 31 MAY 2015



## Performance

Performance at 31 May 2015	1 Mth	6 Mths	Fin YTD	1 Yr	3 Yrs %pa	5 Yrs %pa	10 Yrs %pa	Since Inception %pa (Aug-99)
WAM Investment Portfolio*	1.2%	10.2%	16.5%	16.6%	19.6%	16.1%	14.3%	18.0%
S&P/ASX All Ordinaries Accumulation Index	0.6%	11.3%	11.7%	10.1%	16.7%	10.0%	8.1%	8.7%
<b>Outperformance</b>	<b>+0.6%</b>	<b>-1.1%</b>	<b>+4.8%</b>	<b>+6.5%</b>	<b>+2.9%</b>	<b>+6.1%</b>	<b>+6.2%</b>	<b>+9.3%</b>

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

## Net Tangible Assets (NTA) figures

NTA before tax	<b>185.23c</b>
NTA after tax and before tax on unrealised gains	<b>185.52c*</b>
NTA after tax	<b>181.11c*</b>

\* Includes 1.5 cents of tax assets resulting from the merger with Premium Investors.

## Market overview

After a volatile month the S&P/ASX All Ordinaries Accumulation Index closed up 0.6%. The index suffered from continued selling in the major banks which commenced in late April on news of potential regulatory tightening. Further monetary easing from the Reserve Bank of Australia, in the form of a 0.25% rate cut, did little to encourage sentiment as the market interpreted the RBA's minutes as a sign the loosening cycle had perhaps come to an end. The market also responded to poor Australian Bureau of Statistics expenditure data, which showed Australia's business investment is set to drop dramatically over the next two years. This contributed to a 3.3% decline in the Australian dollar over the month.

In other domestic news, the release of the 2015-16 federal budget saw the government's deficit forecast revised up to \$35.1 billion, more than double the estimate from 12 months ago. On the whole the budget was well received, particularly the tax cuts for small businesses along with a \$20,000 tax deductible allowance for businesses earning less than \$2 million in revenue per year, which spurred the retail sector.

Global equity markets were mixed this month. Importantly, US Federal Reserve Chairman Janet Yellen commented the US economy was "well positioned" for continued growth and indicated it would take initial steps towards normalising monetary policy at some point this year.

We continue to believe valuations are full and remain well positioned to seize on opportunities in the market when they arise.

### WAM Capital Limited

ASX Code	<b>WAM</b>
Listed	<b>Aug 1999</b>
Gross assets	<b>\$846.1m</b>
Market cap	<b>\$893.1m</b>
Share price	<b>\$1.98</b>
NTA before tax	<b>\$1.85</b>
Shares on issue	<b>451,050,715</b>
Fully franked annualised interim dividend (FY2015)	<b>14.0c</b>
Dividend yield	<b>7.1%</b>

### 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 Capital 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 Capital 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

#### James McNamara

Communications Manager

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AS AT 31 MAY 2015



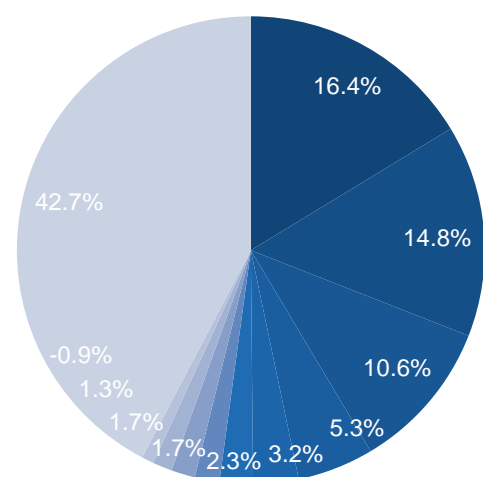
## Diversified portfolio

Investment Type	April 2015		May 2015	
	\$m	%	\$m	%
Listed Equities	524.2	62.4	489.2	57.3
Fixed Interest & Cash	315.3	37.6	364.1	42.7
Long Portfolio	839.5	100.0%	853.3	100%
Short Portfolio	(3.1)	(0.4)	(7.2)	(0.9)
Gross Assets	\$836.4m		\$846.1m	
Total shares on issue	451,050,715		451,050,715	

## Top holdings

Code	Company	Market Value \$	Market Value as % Gross Assets
HHV	Hunter Hall Global Value Limited	28,456,394	3.4%
ECX	Eclipx Group Limited	15,752,070	1.9%
ASB	Austral Limited	14,950,915	1.8%
HVN	Harvey Norman Holdings Limited	14,417,993	1.7%
MYX	Mayne Pharma Group Limited	13,870,169	1.6%
CYA	Century Australia Investments Limited	13,866,403	1.6%
RFG	Retail Food Group Limited	12,366,480	1.5%
IPH	IPH Limited	11,692,057	1.4%
ENE	Energy Developments Limited	11,518,183	1.4%
MTR	Mantra Group Limited	11,515,866	1.4%
ISU	iSelect Limited	11,488,417	1.4%
MMS	McMillan Shakespeare Limited	10,823,113	1.3%
CSV	CSG Limited	10,656,222	1.3%
CCP	Credit Corp Group Limited	9,953,583	1.2%
RMD	ResMed Inc	9,600,845	1.1%
AHD	Amalgamated Holdings Limited	9,439,924	1.1%
CTD	Corporate Travel Management Limited	9,272,150	1.1%
QAN	Qantas Airways Limited	9,243,925	1.1%
BAP	Burson Group Limited	8,995,609	1.1%
GTY	Gateway Lifestyle Group	8,843,000	1.0%

## Sector allocation



- Consumer Discretionary: 16.4%
- Financials: 14.8%
- Industrials: 10.6%
- Health Care: 5.3%
- Information Technology: 3.2%
- Materials: 2.3%
- Telecommunication Services: 1.7%
- Consumer Staples: 1.7%
- Utilities: 1.3%
- Short Stock: -0.9%
- Cash and Fixed Interest: 42.7%

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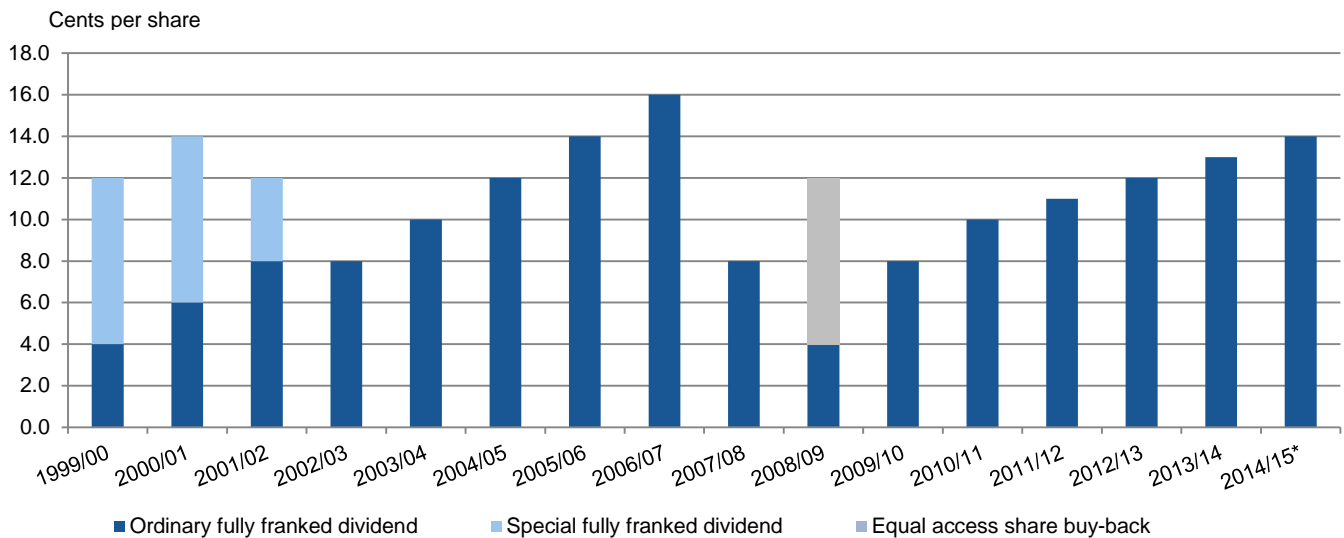
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## Dividend growth

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 usually 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



\*Annualised interim dividend

On 30 April 2015, the Company paid a fully franked interim dividend of 7.0 cents per share, an increase of 7.7% on the previous corresponding period. The Board currently intends to declare a fully franked final dividend of 7.0 cents per share consistent with the interim dividend, bringing the full year fully franked dividend for FY2015 to 14.0 cents per share. Shareholders should only rely on the official declaration of dividends for confirmation of the amount, dates and level of franking. Further details of the final dividend will be announced with the full year results due in August 2015.