



WAM CAPITAL LIMITED (WAM)
ABN 34 086 587 395
INVESTMENT UPDATE & NTA – MAY 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 551.8% compared to a 132.8% increase in the S&P/ASX All Ordinaries Accumulation Index.

- In May WAM's gross portfolio (before all fees, costs and taxes) decreased by 2.4%, while the S&P/ASX All Ordinaries Accumulation Index fell by 7.6%.
- The gross portfolio has increased by 34.0% for the 12 months to 31 May 2010, while the S&P/ASX All Ordinaries Accumulation Index has increased by 21.4%.

NTA before tax	154.53c
NTA after tax and before tax on unrealised gains	157.42c*
NTA after tax	152.49c**

* Includes tax assets of 2.9 cents per share.

** This includes the net effect of 2.9 cents of tax assets and 4.9 cents of deferred tax liabilities.

MARKET OUTLOOK

The Australian share market experienced its worst month in more than a year during May. A combination of sovereign debt problems in Europe, concerns of a slowdown in the Chinese economy and the announcement of a new resources tax in Australia triggered a major sell off. The S&P/ASX All Ordinaries Index slumped to be down 13 per cent at one stage only to recover and finish 7.6 per cent lower for the month.

We do not believe this is simply a correction in a new bull market. Instead, we are of the view the market will continue to struggle in the coming months. While there will be some sharp rallies, these are unlikely to be sustained and the downward trend of the overall market will continue. Generally, Australian analysts have their earnings forecasts too high for the 2011 financial year. This, coupled with Europe's problem, will weigh heavily on the domestic share market.

While the market is set to struggle we believe the next 18 to 24 months will provide fantastic buying opportunities for investors with a long term outlook. Bear markets,

like the one we are currently experiencing, can take up to five years to complete. We are approximately two and half years into the current one.

DIVIDENDS

On 25 February 2010 WAM Capital Limited paid a final fully franked dividend of 4.0 cents per ordinary share.

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 May 2010:

Annualised performance	Gross Portfolio*	S&P/ASX All Ords. Accumulation Index	Outperformance
1 year	+34.0%	+21.4%	+12.6%
3 years	-0.2%	-7.2%	+7.0%
5 years	+12.7%	+6.2%	+6.4%
7 years	+14.9%	+10.4%	+4.5%
Since inception	+18.9%	+8.1%	+10.8%

*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 May 2010:

	Gross Portfolio*	S&P/ASX All Ords. Accumulation Index	Outperformance
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	+29.0%	+16.8%	+12.2%

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

PORTFOLIO STRUCTURE & STRATEGY

As at 31 May 2010, listed securities made up 52.3% of the portfolio, while fixed interest and cash made up the remaining 47.7%. 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.

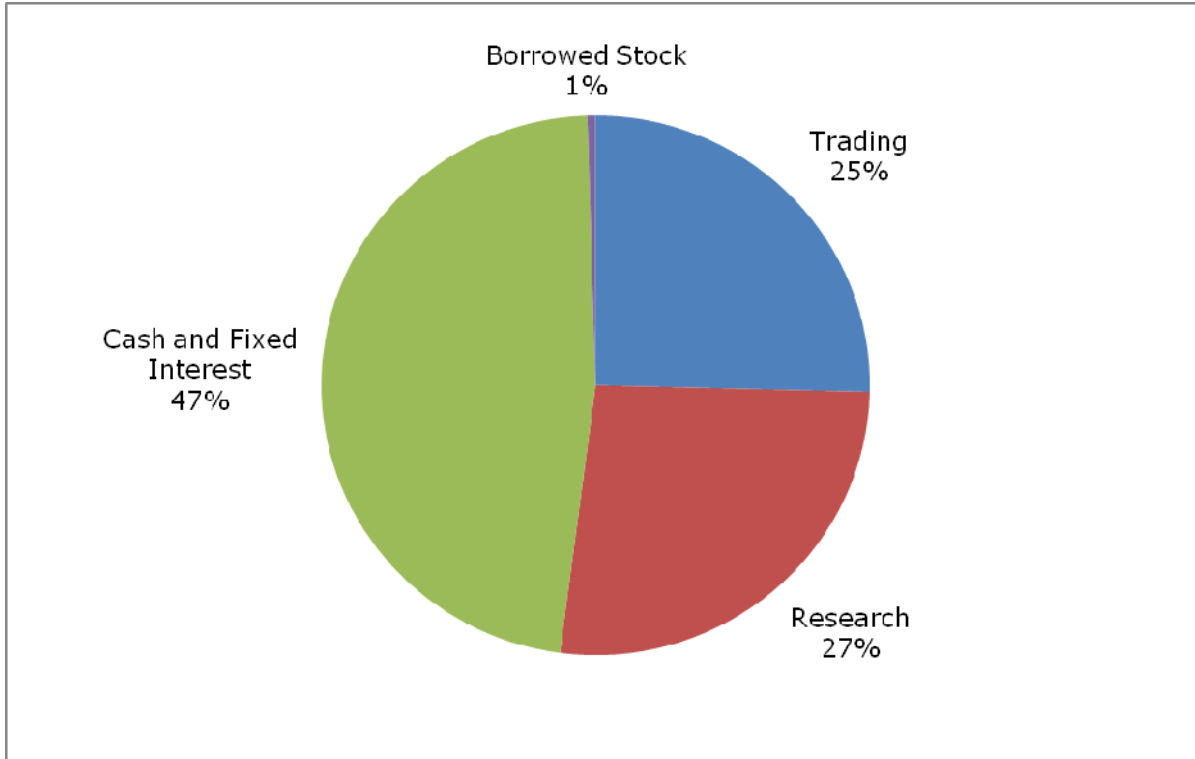
Investment Type	As at 30 April 2010		As at 31 May 2010	
	\$m	%	\$m	%
Listed Equities	91.78	53.7%	86.74	52.3%
Fixed Interest and Cash	79.25	46.3%	79.02	47.7%
Long Portfolio	171.03	100.0%	165.76	100.0%
Short Portfolio	(2.03)		(0.80)	
	No.		No.	
Total ordinary shares on issue	103,931,192		103,931,192	

PORTFOLIO STRUCTURE & STRATEGY (CONTINUED)

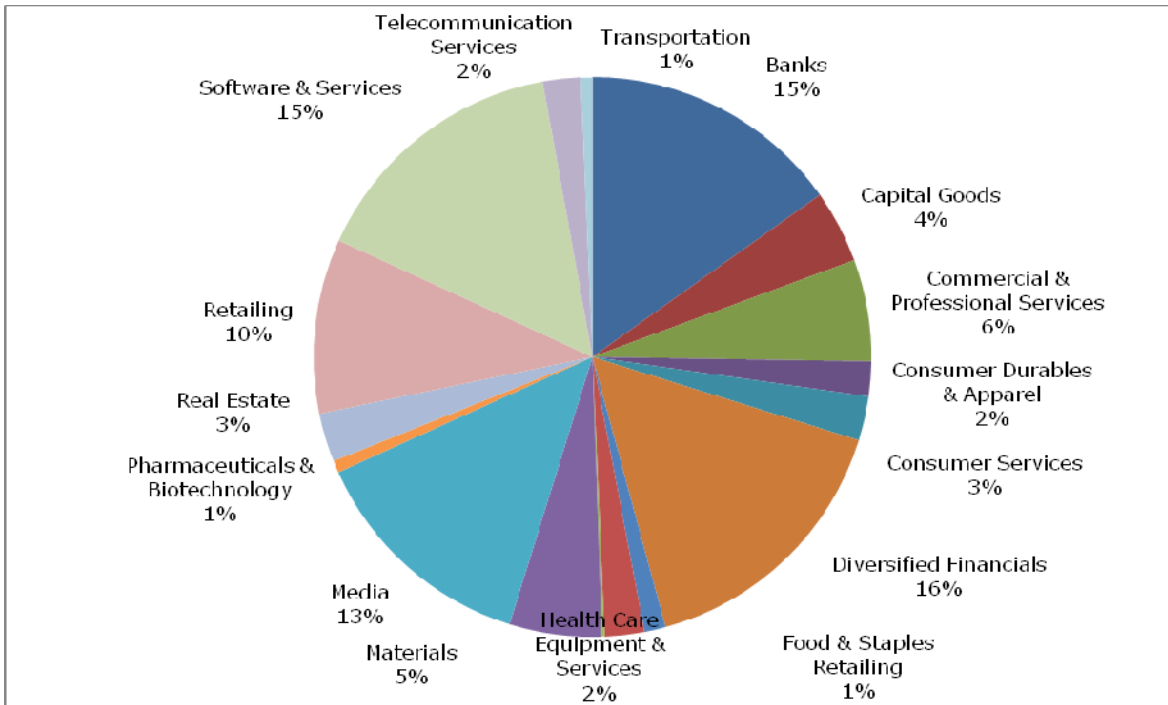
At 31 May 2010 the major securities held in the portfolio were:

CODE	COMPANY	MARKET VALUE \$	MARKET VALUE as % of Long Portfolio	MARKET VALUE as % of Gross Assets
RKN	Reckon Ltd	8,053,320	9.3%	4.9%
MMS	McMillan Shakespeare Ltd	3,928,602	4.5%	2.4%
REA	REA Group Ltd	3,275,984	3.8%	2.0%
RHG	RHG Ltd	2,994,016	3.5%	1.8%
ORL	OrotonGroup Ltd	2,690,110	3.1%	1.6%
MCU	Mitchell Communications Group Ltd	2,682,431	3.1%	1.6%
MYS	Mystate Ltd	2,682,319	3.1%	1.6%
SGN	STW Communications Group Ltd	2,364,134	2.7%	1.4%
IRE	IRESS Market Technology Ltd	2,222,888	2.6%	1.3%
WYL	Wattyl Ltd	2,171,222	2.5%	1.3%
AHE	Automotive Holdings Group Ltd	2,067,062	2.4%	1.3%
VTP	Van Eyk Three Pillars Ltd	1,907,669	2.2%	1.2%
PXUPA	PaperlinX SPS Trust	1,749,930	2.0%	1.1%
MCP	McPherson's Ltd	1,737,711	2.0%	1.1%
NAB	National Australia Bank Ltd	1,726,070	2.0%	1.0%
TGA	Thorn Group Ltd	1,724,153	2.0%	1.0%
WBC	Westpac Banking Corporation	1,675,350	1.9%	1.0%
ANZ	ANZ Banking Group Ltd	1,628,630	1.9%	1.0%
CIW	Clime Investment Ltd	1,615,465	1.9%	1.0%
CBA	Commonwealth Bank of Australia	1,575,004	1.8%	1.0%
NWS	News Corporation	1,530,409	1.8%	0.9%
TSM	Thinksmart Ltd	1,475,903	1.7%	0.9%
MLB	Melbourne IT Ltd	1,426,124	1.6%	0.9%
MOG	Macquarie Group Ltd	1,423,391	1.6%	0.9%
TRS	The Reject Shop Ltd	1,381,600	1.6%	0.8%
SKT	Sky Network Television Ltd	1,343,305	1.6%	0.8%
BHP	BHP Billiton Ltd	1,256,184	1.5%	0.8%
FLT	Flight Centre Ltd	1,220,560	1.4%	0.7%
BKL	Blackmores Ltd	1,179,284	1.4%	0.7%
ITX	ITX Group Ltd	1,164,504	1.3%	0.7%
DEX	Dexion Ltd	1,094,285	1.3%	0.7%
WES	Wesfarmers Ltd	1,062,150	1.2%	0.6%
MAQ	Macquarie Telecom Group Ltd	1,013,319	1.2%	0.6%

PORTFOLIO STRUCTURE – GROSS ASSET ALLOCATION



LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION



PERFORMANCE TABLE

	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00
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%
	Apr 00	May 00	Jun 00	Jul 00	Aug 00	Sep 00	Oct 00	Nov 00
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%
	Dec 00	Jan 01	Feb 01	Mar 01	Apr 01	May 01	Jun 01	July 01
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%
	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02
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%
	Apr 02	May 02	Jun 02	Jul 02	Aug 02	Sep 02	Oct 02	Nov 02
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%
	Dec 02	Jan 03	Feb 03	Mar 03	Apr 03	May 03	Jun 03	Jul 03
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%
	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04
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%
	Apr 04	May 04	Jun 04	Jul 04	Aug 04	Sep 04	Oct 04	Nov 04
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%
	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
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%
	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06
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%
	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06
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%
	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07
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%
	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08
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%
	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08
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%
	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09
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%
	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
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%
	Apr 10	May 10						Since inception
Gross Portfolio *	+0.8%	-2.4%						+551.8%
All Ordinaries Accum.	-1.2%	-7.6%						+132.8%

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

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