



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

Company overview

WAM Capital Limited (WAM or the 'Company') 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 objectives

The investment objectives are: to deliver a rising stream of fully franked dividends; to provide capital growth; and to preserve capital.

Performance

Since inception, WAM's 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 May 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	-2.7%	12.2%	23.3%	23.9%	15.1%	11.9%	15.0%	18.1%
S&P/ASX All Ordinaries Accumulation Index	-4.4%	10.9%	23.9%	24.2%	8.0%	1.2%	9.7%	8.1%
Outperformance	+1.7%	+1.3%	-0.6%	-0.3%	+7.1%	+10.7%	+5.3%	+10.0%

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 36,458,993 remaining options on issue with an exercise price of \$1.60 per share.

NTA before tax	166.98c
NTA after tax and before tax on unrealised gains	169.40c*
NTA after tax	167.03c

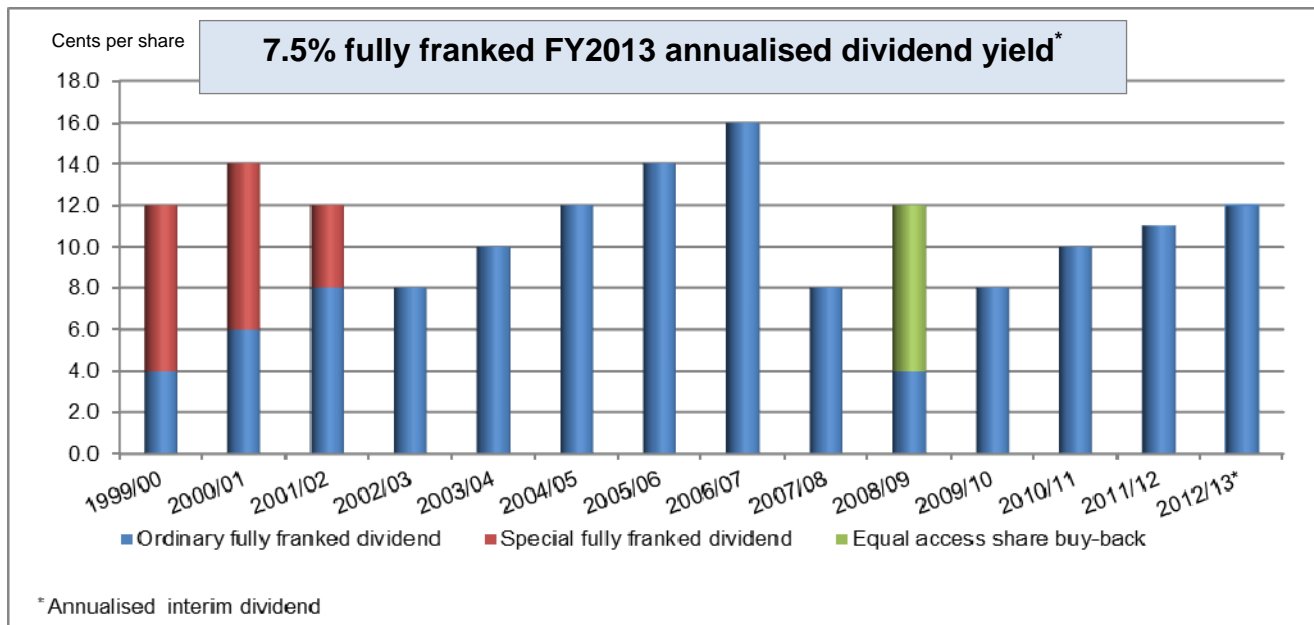
*Includes 4.2 cents of tax assets resulting from the merger with Premium Investors. The above figures are after the exercise of 2,345,239 options during the month.

Dividends – 6.0 cents per share fully franked interim

On 30 April 2013, the Company paid a fully franked interim dividend of 6.0 cents per share. This was a 9.1% increase on the previous year's interim dividend and represents an annualised fully franked dividend yield of 7.5% based on the last sale price.

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 profitability.

WAM Capital Dividends



*Based on the 13 June 2013 closing price.

Option issue – exercise at any time before 31 July 2013

On 2 April 2012, the Board announced a one-for-one 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 May 2013, 125,452,885 options had been exercised and allotted for a total consideration of \$200,724,616. The remaining balance of outstanding options is 36,458,993.

Market outlook

The ASX/S&P All Ordinaries Accumulation Index suffered a sharp decline in May, falling 4.4%, weighed down by a plethora of earnings downgrades across a number of sectors. The RBA cut official interest rates to 2.75%, their lowest in more than 50 years, citing below-trend growth in Australia and overseas. The US Federal Reserve's comments suggesting a tapering of asset purchases in the near term created downward pressure on the market.

Market outlook (continued)

The Australian share market has rallied strongly since June last year. Given that historically share prices generally rise 9 to 12 months before earnings start to improve, the rally reflects the market's expectation that earnings will rise in the short term. Through the month of May, this has not yet eventuated. In light of the recent slew of earnings downgrades, we have become more cautious in our outlook for the Australian share market and have adjusted the portfolio accordingly.

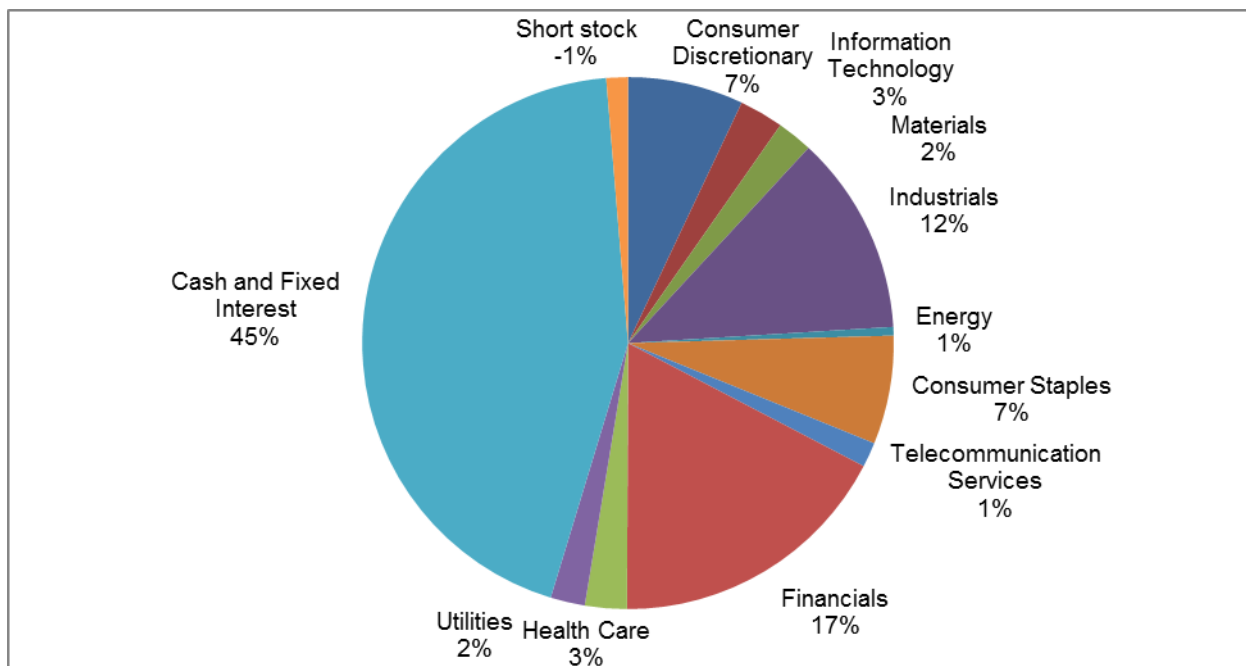
Portfolio structure

Investment Type	As at 30 April 2013		As at 31 May 2013	
	\$m	%	\$m	%
Listed Equities	299.7	59.8%	274.0	55.4%
Fixed Interest and Cash	201.6	40.2%	220.4	44.6%
Long Portfolio	501.3	100.0%	494.4	100.0%
Short Portfolio	-3.4	-0.7%	-6.6	-1.3%
Total Fund Size	\$497.9m		\$487.8m	
	No.		No.	
Total ordinary shares on issue	288,656,552		291,001,791	
Total options on issue	38,804,232		36,458,993	

As at 31 May 2013, the major securities held in the WAM portfolio were as follows:

Code	Company	Market Value \$	Market Value as % Gross Assets
GNC	Graincorp Limited	29,548,811	6.1%
CYA	Century Australia Investments Limited	10,637,168	2.2%
MTU	M2 Telecommunications Group Limited	7,794,280	1.6%
SGH	Slater & Gordon Limited	7,778,296	1.6%
ELI	Emerging Leaders Investments Limited	7,473,958	1.5%
SFW	SFG Australia Limited	6,928,137	1.4%
HIL	Hills Holdings Limited	6,716,391	1.4%
HVN	Harvey Norman Holdings Limited	6,498,644	1.3%
IBC	Ironbark Capital Limited	5,565,338	1.1%
CSV	CSG Limited	5,516,571	1.1%
RCR	RCR Tomlinson Limited	5,504,441	1.1%
SGN	STW Communications Group Limited	5,314,235	1.1%
AIX	Australian Infrastructure Fund	5,248,794	1.1%
SDG	Sunland Group Limited	5,246,144	1.1%
GEM	G8 Education Limited	5,234,809	1.1%
TPM	TPG Telecom Limited	5,097,964	1.0%
BKW	Brickworks Limited	4,944,641	1.0%
WIC	Westoz Investment Company Limited	4,782,663	1.0%
IPE	ING Private Equity Access Limited	4,628,209	0.9%
INA	Ingenia Communities Group	4,517,061	0.9%

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 May 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.

Financial Year	WAM Investment Portfolio	S&P/ASX All Ordinaries 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	-3.2%	-22.2%	+19.0%
2009/2010	29.8%	13.8%	+16.0%
2010/2011	17.9%	12.2%	+5.7%
2011/2012	4.2%	-7.0%	+11.2%
YTD 2012/2013	23.3%	23.9%	-0.6%

Performance - monthly comparison

The table below shows the month by month performance of WAM against the S&P/ASX All Ordinaries Accumulation index since listing to 31 May 2013.

	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00	Feb 00	Mar 00	Apr 00
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%
	May 00	Jun 00	Jul 00	Aug 00	Sep 00	Oct 00	Nov 00	Dec 00	Jan 01
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%
	Feb 01	Mar 01	Apr 01	May 01	Jun 01	July 01	Aug 01	Sep 01	Oct 01
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%
	Nov 01	Dec 01	Jan 02	Feb 02	Mar 02	Apr 02	May 02	Jun 02	Jul 02
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%
	Aug 02	Sep 02	Oct 02	Nov 02	Dec 02	Jan 03	Feb 03	Mar 03	Apr 03
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%
	May 03	Jun 03	Jul 03	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04
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%
	Feb 04	Mar 04	Apr 04	May 04	Jun 04	Jul 04	Aug 04	Sep 04	Oct 04
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%
	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
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%
	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06
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%
	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07
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%
	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07
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%
	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
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%
	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09
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%
	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10
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%
	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sept 10	Oct 10
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%
	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11
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%
	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12
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%
	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
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%
	Feb 13	Mar 13	Apr 13	May 13					Since inception
Investment Portfolio *	+4.5%	+0.8%	+0.4%	-2.7%					+893.4%
S&P/ASX All Ord Accum	+5.2%	-2.2%	+3.8%	-4.4%					+193.0%

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

For more information

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